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BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

1
2 **COMMISSIONERS**
3 KRISTIN K. MAYES - Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

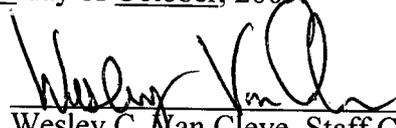
2009 OCT -1 P 4: 30
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

6 IN THE MATTER OF THE APPLICATION OF
7 ARIZONA WATER COMPANY, AN
8 ARIZONA CORPORATION, FOR A
9 DETERMINATION OF THE FAIR VALUE OF
10 ITS UTILITY PLANT AND PROPERTY, AND
FOR ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS
BASED THEREON.

DOCKET NO. W-01445A-08-0440
**STAFF'S NOTICE OF FILING
OF FINAL SCHEDULES**

11 Utility Division Staff of the Arizona Corporation Commission ("Staff") hereby files Staff's
12 final schedules for the above captioned matter. Staff has updated the schedules to reflect its final
13 position on all disputed issues relating to rate base and revenue requirement. Staff's final rate design
14 schedules are based on its final revenue requirement recommendation for each system and the
15 consolidated systems. Staff has also included a separate typical bill analysis that reflects, in present
16 rates, the ACRM and/or PPA charges. Staff has labeled these schedules "Typical bill analysis with
17 ACRM and/or PPA in present rates."

18 RESPECTFULLY SUBMITTED this 1ST day of October, 2009

19
20 
21 _____
22 Wesley C. Van Cleve, Staff Counsel
23 Legal Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007
27 (602) 542-3402

24 Original and thirteen (13) copies
25 of the foregoing were filed this
1st day of October, 2009 with:

26 Docket Control
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED
OCT - 1 2009



1 Copy of the foregoing mailed this
1st day of October, 2009 to:

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**RATE DESIGN
SCHEDULES**

FINAL SCHEDULES

Eastern Group

Superstition Water System

Consolidated Rate Design.....	JMM-1
Consolidated Typical Residential Bill Analysis – Apache Junction.....	JMM-2
Consolidated Typical Residential Bill Analysis with ACRM and/or PPA – Apache Junction	JMM-2
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Stand Alone Rate Design.....	JMM-3
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Miami Water System

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Bisbee Water System

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Sierra Vista Water System

Consolidated Rate Design.....	JMM-1
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San Manuel Water System

Rate Design.....	JMM-1
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Rate Design.....	JMM-1
Typical Residential Bill Analysis.....	JMM-2

Winkleman Water System

Rate Design.....	JMM-1
Typical Residential Bill Analysis.....	JMM-2

Northern Group

Lakeside Water System

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Sedona Water System

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Western Group

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ARIZONA WATER COMPANY
EASTERN GROUP:
SUPERSTITION

Line No.	Customer Class	[A] [B] [C]		[D]		[E]		[F]		[G]		[H]		[I]	
		Company Present Rate	Company Proposed Rate	Company Present	Company Proposed	Company Present	Company Proposed	Company Present	Company Proposed	Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate
		Basic Service Charge		Break-Over Points				Staff Recommended				Staff Recommended		Commodity Charge	
1	Residential 5/8 x 3/4 -inch	\$ 12.54	\$ 19.00	17.00				3	3						
2								10	10						\$ 2,3990
3								999999	999999						varies
4	Residential 1-inch	34.30	47.50	42.50				30	30						\$ 2,9990
5								999999	999999						varies
6	Residential 2-inch	120.20	152.00	136.00				115	115						varies
7								999999	999999						\$ 3,7490
8								999999	999999						varies
9	Residential 3-inch	236.03	304.00	272.00				230	230						n/a
10								999999	999999						varies
11	Residential 4-inch	480.25	475.00	425.00				350	350						n/a
12								999999	999999						varies
13	Residential 6-inch	774.01	950.00	850.00				750	750						n/a
14								999999	999999						varies
15	Residential 8-inch	926.15	1,520.00	1,360.00				1,000	1,000						n/a
16								999999	999999						varies
17	Residential 10-inch	1,157.69	2,185.00	1,955.00				1,500	1,500						n/a
18								999999	999999						varies
19	Commercial 5/8 x 3/4 -inch	12.54	20.00	17.00				10	10						\$ 2,9990
20								999999	999999						varies
21	Commercial 1-inch	34.30	50.00	42.50				30	30						varies
22								999999	999999						n/a
23	Commercial 2-inch	120.20	180.00	136.00				115	115						n/a
24								999999	999999						varies
25	Commercial 3-inch	236.03	320.00	272.00				230	230						n/a
26								999999	999999						varies
27	Commercial 4-inch	480.25	500.00	425.00				350	350						n/a
28								999999	999999						varies
29	Commercial 6-inch	774.01	1,000.00	850.00				750	750						n/a
30								999999	999999						varies
31	Commercial 8-inch	926.15	1,600.00	1,360.00				1,000	1,000						n/a
32								999999	999999						varies
33	Commercial 10-inch	1,157.69	2,300.00	1,955.00				1,500	1,500						n/a
34								999999	999999						varies
35								999999	999999						n/a
36								999999	999999						varies
37								999999	999999						n/a
38								999999	999999						varies
39								999999	999999						n/a
40								999999	999999						varies
41								999999	999999						n/a
42								999999	999999						varies
43								999999	999999						n/a
44								999999	999999						varies
45								999999	999999						n/a
46								999999	999999						varies
47								999999	999999						n/a
48								999999	999999						varies

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate	
1	Industrial 5/8 x 3/4 -inch	\$ 12.54	\$ 20.00	10	10	varies	\$ 3.0000	3.1750
2						varies	3.0000	4.1900
3	Industrial 1-inch	34.30	40.00	25	25	varies	n/a	n/a
4						varies	3.0000	3.1750
5	Industrial 2-inch	120.20	200.00	10	10	varies	3.0000	4.1900
6						varies	n/a	n/a
7	Industrial 3-inch	236.03	320.00	25	25	varies	3.0000	3.1750
8						varies	3.0000	4.1900
9	Industrial 4-inch	480.25	500.00	10	10	varies	3.0000	3.1750
10						varies	3.0000	4.1900
11	Industrial 6-inch	774.01	1,000.00	25	25	varies	n/a	n/a
12						varies	3.0000	3.1750
13	Industrial 8-inch	926.15	1,600.00	10	10	varies	3.0000	4.1900
14						varies	3.0000	3.1750
15	Industrial 10-inch	1,157.69	3,200.00	25	25	varies	3.0000	4.1900
16						varies	3.0000	3.1750
17	Private Fire Service	5.00	25.00	10	10	varies	n/a	n/a
18	1-inch service	5.00	25.00	25	25	varies	n/a	n/a
19	2-inch service	5.00	25.00	10	10	varies	n/a	n/a
20	3-inch service	5.00	25.00	25	25	varies	n/a	n/a
21	4-inch service	7.74	25.00	10	10	varies	n/a	n/a
22	6-inch service	9.26	25.00	25	25	varies	n/a	n/a
23	8-inch service	11.58	25.00	10	10	varies	n/a	n/a
24	10-inch service		25.00	25	25	varies	n/a	n/a
25	Other Water Revenues							
26	Public Fire Hydrant	n/a	n/a					
27	Coin Machine	n/a	n/a					
28	Construction Water (2-inch)	120.20	160.00	25	25	varies	89.00	71.7235
29						varies	3.4890	4.1900
30	Construction Water (3-inch)	236.03	320.00	10	10	varies	n/a	n/a
31						varies	3.4890	4.1900
32	Construction Water (4-inch)	480.25	500.00	25	25	varies	3.4890	4.1900
33						varies	4.3610	4.1900
34	Sales for Resale (2-inch)	n/a	160.00	n/a	n/a	varies	3.0000	4.1900
35						varies	3.0000	4.1900
36	Sales for Resale (3-inch)	n/a	320.00	n/a	n/a	varies	3.0000	4.1900
37						varies	3.0000	4.1900
38	Sales for Resale (4-inch)	n/a	500.00	n/a	n/a	varies	3.0000	4.1900
39						varies	3.0000	4.1900
40	Sales for Resale (6-inch)	n/a	1,000.00	n/a	n/a	varies	3.0000	4.1900
41						varies	3.0000	4.1900

Superstition - Consolidated - Apache Junction
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 27.03	\$ 39.27	\$ 12.24	45.29%
Median Usage	5,403	\$ 23.18	\$ 33.40	\$ 10.23	44.12%
Staff Recommended					
Average Usage	7,358	\$ 27.03	\$ 35.84	\$ 8.81	32.60%
Median Usage	5,403	\$ 23.18	\$ 29.63	\$ 6.45	27.84%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 12.54	\$ 19.00	51.52%	\$ 17.00	35.57%
1,000	14.51	21.40	47.49%	18.67	28.66%
2,000	16.48	23.80	44.43%	20.33	23.40%
3,000	18.45	26.20	42.02%	22.00	19.27%
4,000	20.42	29.20	43.01%	25.18	23.32%
5,000	22.38	32.20	43.83%	28.35	26.66%
6,000	24.35	35.19	44.52%	31.53	29.46%
7,000	26.32	38.19	45.10%	34.70	31.83%
8,000	28.29	41.19	45.60%	37.88	33.88%
9,000	30.26	44.19	46.04%	41.05	35.66%
10,000	32.23	47.19	46.43%	44.23	37.23%
11,000	34.69	50.94	46.84%	48.42	39.57%
12,000	37.15	54.69	47.21%	52.61	41.60%
13,000	39.61	58.44	47.53%	56.80	43.38%
14,000	42.07	62.19	47.81%	60.99	44.96%
15,000	44.53	65.94	48.06%	65.18	46.35%
16,000	46.99	69.68	48.28%	69.37	47.61%
17,000	49.46	73.43	48.48%	73.56	48.73%
18,000	51.92	77.18	48.67%	77.75	49.75%
19,000	54.38	80.93	48.83%	81.94	50.68%
20,000	56.84	84.68	48.98%	86.13	51.53%
25,000	69.14	103.43	49.58%	107.08	54.86%
30,000	83.91	122.17	45.60%	128.03	52.58%
35,000	98.68	140.92	42.81%	148.98	50.98%
40,000	113.44	159.66	40.74%	169.93	49.79%
45,000	128.21	178.41	39.15%	190.88	48.88%
50,000	142.97	197.15	37.89%	211.83	48.16%
75,000	216.80	290.88	34.17%	316.58	46.02%
100,000	290.63	384.60	32.33%	421.33	44.97%

Superstition - Consolidated - Apache Junction
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 33.72	\$ 39.27	\$ 5.54	16.44%
Median Usage	5,403	\$ 29.02	\$ 33.40	\$ 4.39	15.11%
Staff Recommended					
Average Usage	7,358	\$ 33.72	\$ 35.84	\$ 2.12	6.27%
Median Usage	5,403	\$ 29.02	\$ 29.63	\$ 0.61	2.11%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.02	\$ 19.00	18.60%	\$ 17.00	6.12%
1,000	18.43	21.40	16.14%	18.67	1.31%
2,000	20.83	23.80	14.24%	20.33	-2.39%
3,000	23.24	26.20	12.74%	22.00	-5.32%
4,000	25.64	29.20	13.85%	25.18	-1.82%
5,000	28.05	32.20	14.78%	28.35	1.08%
6,000	30.45	35.19	15.56%	31.53	3.52%
7,000	32.86	38.19	16.23%	34.70	5.60%
8,000	35.27	41.19	16.80%	37.88	7.40%
9,000	37.67	44.19	17.30%	41.05	8.97%
10,000	40.08	47.19	17.75%	44.23	10.35%
11,000	42.98	50.94	18.53%	48.42	12.66%
12,000	45.87	54.69	19.21%	52.61	14.67%
13,000	48.77	58.44	19.82%	56.80	16.45%
14,000	51.67	62.19	20.35%	60.99	18.03%
15,000	54.57	65.94	20.83%	65.18	19.44%
16,000	57.47	69.68	21.26%	69.37	20.71%
17,000	60.36	73.43	21.65%	73.56	21.85%
18,000	63.26	77.18	22.00%	77.75	22.90%
19,000	66.16	80.93	22.33%	81.94	23.85%
20,000	69.06	84.68	22.62%	86.13	24.72%
25,000	83.55	103.43	23.79%	107.08	28.16%
30,000	100.50	122.17	21.56%	128.03	27.39%
35,000	117.45	140.92	19.98%	148.98	26.84%
40,000	134.40	159.66	18.79%	169.93	26.43%
45,000	151.35	178.41	17.87%	190.88	26.11%
50,000	168.30	197.15	17.14%	211.83	25.86%
75,000	253.06	290.88	14.94%	316.58	25.10%
100,000	337.81	384.60	13.85%	421.33	24.72%

**Superstition - Consolidated - Superior
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 28.73	\$ 40.71	\$ 11.98	41.72%
Median Usage	5,403	\$ 24.43	\$ 34.43	\$ 10.00	40.96%
Staff Recommended					
Average Usage	7,358	\$ 28.73	\$ 35.35	\$ 6.63	23.07%
Median Usage	5,403	\$ 24.43	\$ 29.35	\$ 4.93	20.18%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 12.54	\$ 19.00	51.52%	\$ 17.00	35.57%
1,000	14.74	21.57	46.34%	18.66	26.59%
2,000	16.94	24.14	42.50%	20.32	19.95%
3,000	19.14	26.71	39.55%	21.98	14.84%
4,000	21.34	29.92	40.22%	25.05	17.38%
5,000	23.54	33.14	40.76%	28.12	19.45%
6,000	25.74	36.35	41.22%	31.19	21.16%
7,000	27.94	39.56	41.60%	34.26	22.61%
8,000	30.14	42.78	41.92%	37.33	23.84%
9,000	32.34	45.99	42.20%	40.39	24.90%
10,000	34.54	49.20	42.45%	43.46	25.83%
11,000	37.29	53.22	42.71%	47.63	27.74%
12,000	40.04	57.23	42.94%	51.80	29.38%
13,000	42.79	61.25	43.14%	55.97	30.81%
14,000	45.54	65.27	43.31%	60.14	32.07%
15,000	48.29	69.28	43.47%	64.31	33.18%
16,000	51.04	73.30	43.61%	68.48	34.18%
17,000	53.79	77.31	43.73%	72.65	35.07%
18,000	56.54	81.33	43.84%	76.82	35.87%
19,000	59.29	85.35	43.95%	80.99	36.60%
20,000	62.04	89.36	44.04%	85.16	37.27%
25,000	75.79	109.44	44.40%	106.01	39.88%
30,000	92.29	129.52	40.34%	126.86	37.46%
35,000	108.79	149.60	37.51%	147.71	35.78%
40,000	125.29	169.68	35.43%	168.56	34.54%
45,000	141.79	189.76	33.83%	189.41	33.59%
50,000	158.29	209.84	32.57%	210.26	32.83%
75,000	240.79	310.24	28.84%	314.51	30.62%
100,000	323.29	410.64	27.02%	418.76	29.53%

Superstition - Consolidated -Superior
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 35.42	\$ 40.71	\$ 5.29	14.93%
Median Usage	5,403	\$ 30.27	\$ 34.43	\$ 4.16	13.75%
Staff Recommended					
Average Usage	7,358	\$ 35.42	\$ 35.35	\$ (0.07)	-0.19%
Median Usage	5,403	\$ 30.27	\$ 29.35	\$ (0.91)	-3.02%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.02	\$ 19.00	18.60%	\$ 17.00	6.12%
1,000	18.66	21.57	15.61%	18.66	0.02%
2,000	21.29	24.14	13.37%	20.32	-4.57%
3,000	23.93	26.71	11.61%	21.98	-8.15%
4,000	26.57	29.92	12.63%	25.05	-5.72%
5,000	29.21	33.14	13.46%	28.12	-3.72%
6,000	31.84	36.35	14.15%	31.19	-2.06%
7,000	34.48	39.56	14.74%	34.26	-0.65%
8,000	37.12	42.78	15.25%	37.33	0.56%
9,000	39.75	45.99	15.68%	40.39	1.61%
10,000	42.39	49.20	16.07%	43.46	2.53%
11,000	45.58	53.22	16.76%	47.63	4.51%
12,000	48.76	57.23	17.37%	51.80	6.23%
13,000	51.95	61.25	17.90%	55.97	7.74%
14,000	55.14	65.27	18.37%	60.14	9.08%
15,000	58.33	69.28	18.78%	64.31	10.27%
16,000	61.51	73.30	19.16%	68.48	11.33%
17,000	64.70	77.31	19.50%	72.65	12.29%
18,000	67.89	81.33	19.80%	76.82	13.16%
19,000	71.07	85.35	20.08%	80.99	13.96%
20,000	74.26	89.36	20.34%	85.16	14.68%
25,000	90.20	109.44	21.34%	106.01	17.54%
30,000	108.88	129.52	18.96%	126.86	16.52%
35,000	127.57	149.60	17.27%	147.71	15.79%
40,000	146.25	169.68	16.02%	168.56	15.26%
45,000	164.94	189.76	15.05%	189.41	14.84%
50,000	183.62	209.84	14.28%	210.26	14.51%
75,000	277.05	310.24	11.98%	314.51	13.52%
100,000	370.47	410.64	10.84%	418.76	13.04%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate	
1	Residential 5/8 x 3/4 -inch	\$ 12.54	\$ 19.00	10	3	varies	\$ 2,990	1,980
2				25	10	varies	2,990	2,970
3				999999	999999	varies	3,740	3,560
4	Residential 1-inch	34.30	47.50	10	35	varies	2,990	2,970
5				25	999999	varies	3,740	3,560
6				999999	999999	varies	n/a	n/a
7	Residential 2-inch	120.20	152.00	10	125	varies	2,990	2,970
8				25	999999	varies	3,740	3,560
9				999999	999999	varies	n/a	n/a
10	Residential 3-inch	236.03	304.00	10	280	varies	2,990	2,970
11				25	999999	varies	3,740	3,560
12				999999	999999	varies	n/a	n/a
13	Residential 4-inch	480.25	475.00	10	450	varies	2,990	2,970
14				25	999999	varies	3,740	3,560
15				999999	999999	varies	n/a	n/a
16	Residential 6-inch	774.01	950.00	10	925	varies	2,990	2,970
17				25	999999	varies	3,740	3,560
18				999999	999999	varies	n/a	n/a
19	Residential 8-inch	926.15	1,520.00	10	1,500	varies	2,990	2,970
20				25	999999	varies	3,740	3,560
21				999999	999999	varies	n/a	n/a
22	Residential 10-inch	1,157.69	2,185.00	10	2,100	varies	2,990	2,970
23				25	999999	varies	3,740	3,560
24				999999	999999	varies	n/a	n/a
25	Commercial 5/8 x 3/4 -inch	12.54	20.00	10	10	varies	3,480	2,970
26				25	999999	varies	4,360	3,560
27				999999	999999	varies	n/a	n/a
28	Commercial 1-inch	34.30	50.00	10	35	varies	3,480	2,970
29				25	999999	varies	4,360	3,560
30				999999	999999	varies	n/a	n/a
31	Commercial 2-inch	120.20	160.00	10	125	varies	3,480	2,970
32				25	999999	varies	4,360	3,560
33				999999	999999	varies	n/a	n/a
34	Commercial 3-inch	236.03	320.00	10	280	varies	3,480	2,970
35				25	999999	varies	4,360	3,560
36				999999	999999	varies	n/a	n/a
37	Commercial 4-inch	480.25	500.00	10	450	varies	3,480	2,970
38				25	999999	varies	4,360	3,560
39				999999	999999	varies	n/a	n/a
40	Commercial 6-inch	774.01	1,000.00	10	925	varies	3,480	2,970
41				25	999999	varies	4,360	3,560
42				999999	999999	varies	n/a	n/a
43	Commercial 8-inch	926.15	1,600.00	10	1,500	varies	3,480	2,970
44				25	999999	varies	4,360	3,560
45				999999	999999	varies	n/a	n/a
46	Commercial 10-inch	1,157.69	2,300.00	10	2,100	varies	3,480	2,970
47				25	999999	varies	4,360	3,560
48				999999	999999	varies	n/a	n/a

**Superstition - Apache Junction
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 27.03	\$ 39.27	\$ 12.24	45.29%
Median Usage	5,403	\$ 23.18	\$ 33.40	\$ 10.23	44.12%
Staff Recommended					
Average Usage	7,358	\$ 27.03	\$ 35.24	\$ 8.21	30.37%
Median Usage	5,403	\$ 23.18	\$ 29.43	\$ 6.26	27.00%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 12.54	\$ 19.00	51.52%	\$ 16.35	30.38%
1,000	14.51	21.40	47.49%	18.34	26.37%
2,000	16.48	23.80	44.43%	20.32	23.32%
3,000	18.45	26.20	42.02%	22.31	20.92%
4,000	20.42	29.20	43.01%	25.27	23.79%
5,000	22.38	32.20	43.83%	28.24	26.16%
6,000	24.35	35.19	44.52%	31.21	28.14%
7,000	26.32	38.19	45.10%	34.17	29.83%
8,000	28.29	41.19	45.60%	37.14	31.28%
9,000	30.26	44.19	46.04%	40.11	32.54%
10,000	32.23	47.19	46.43%	43.07	33.65%
11,000	34.69	50.94	46.84%	46.64	34.45%
12,000	37.15	54.69	47.21%	50.20	35.13%
13,000	39.61	58.44	47.53%	53.77	35.74%
14,000	42.07	62.19	47.81%	57.33	36.27%
15,000	44.53	65.94	48.06%	60.89	36.74%
16,000	46.99	69.68	48.28%	64.46	37.16%
17,000	49.46	73.43	48.48%	68.02	37.54%
18,000	51.92	77.18	48.67%	71.59	37.89%
19,000	54.38	80.93	48.83%	75.15	38.20%
20,000	56.84	84.68	48.98%	78.71	38.49%
25,000	69.14	103.43	49.58%	96.53	39.62%
30,000	83.91	122.17	45.60%	114.35	36.28%
35,000	98.68	140.92	42.81%	132.17	33.95%
40,000	113.44	159.66	40.74%	149.99	32.22%
45,000	128.21	178.41	39.15%	167.81	30.89%
50,000	142.97	197.15	37.89%	185.63	29.84%
75,000	216.80	290.88	34.17%	274.73	26.72%
100,000	290.63	384.60	32.33%	363.83	25.19%

Superstition - Apache Junction
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 33.72	\$ 39.27	\$ 5.54	16.44%
Median Usage	5,403	\$ 29.02	\$ 33.40	\$ 4.39	15.11%
Staff Recommended					
Average Usage	7,358	\$ 33.72	\$ 35.24	\$ 1.51	4.49%
Median Usage	5,403	\$ 29.02	\$ 29.43	\$ 0.42	1.43%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.02	\$ 19.00	18.60%	\$ 16.35	2.06%
1,000	18.43	21.40	16.14%	18.34	-0.49%
2,000	20.83	23.80	14.24%	20.32	-2.46%
3,000	23.24	26.20	12.74%	22.31	-4.01%
4,000	25.64	29.20	13.85%	25.27	-1.45%
5,000	28.05	32.20	14.78%	28.24	0.68%
6,000	30.45	35.19	15.56%	31.21	2.47%
7,000	32.86	38.19	16.23%	34.17	3.99%
8,000	35.27	41.19	16.80%	37.14	5.31%
9,000	37.67	44.19	17.30%	40.11	6.46%
10,000	40.08	47.19	17.75%	43.07	7.48%
11,000	42.98	50.94	18.53%	46.64	8.52%
12,000	45.87	54.69	19.21%	50.20	9.43%
13,000	48.77	58.44	19.82%	53.77	10.24%
14,000	51.67	62.19	20.35%	57.33	10.95%
15,000	54.57	65.94	20.83%	60.89	11.59%
16,000	57.47	69.68	21.26%	64.46	12.17%
17,000	60.36	73.43	21.65%	68.02	12.69%
18,000	63.26	77.18	22.00%	71.59	13.16%
19,000	66.16	80.93	22.33%	75.15	13.59%
20,000	69.06	84.68	22.62%	78.71	13.98%
25,000	83.55	103.43	23.79%	96.53	15.54%
30,000	100.50	122.17	21.56%	114.35	13.79%
35,000	117.45	140.92	19.98%	132.17	12.54%
40,000	134.40	159.66	18.79%	149.99	11.60%
45,000	151.35	178.41	17.87%	167.81	10.88%
50,000	168.30	197.15	17.14%	185.63	10.30%
75,000	253.06	290.88	14.94%	274.73	8.57%
100,000	337.81	384.60	13.85%	363.83	7.70%

**Superstition - Superior
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 28.73	\$ 40.71	\$ 11.98	41.72%
Median Usage	5,403	\$ 24.43	\$ 34.43	\$ 10.00	40.96%
Staff Recommended					
Average Usage	7,358	\$ 28.73	\$ 35.24	\$ 6.51	22.65%
Median Usage	5,403	\$ 24.43	\$ 29.43	\$ 5.01	20.50%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 12.54	\$ 19.00	51.52%	\$ 16.35	30.38%
1,000	14.74	21.57	46.34%	\$ 18.34	24.39%
2,000	16.94	24.14	42.50%	\$ 20.32	19.95%
3,000	19.14	26.71	39.55%	\$ 22.31	16.54%
4,000	21.34	29.92	40.22%	\$ 25.27	18.43%
5,000	23.54	33.14	40.76%	\$ 28.24	19.96%
6,000	25.74	36.35	41.22%	\$ 31.21	21.24%
7,000	27.94	39.56	41.60%	\$ 34.17	22.31%
8,000	30.14	42.78	41.92%	\$ 37.14	23.22%
9,000	32.34	45.99	42.20%	\$ 40.11	24.02%
10,000	34.54	49.20	42.45%	\$ 43.07	24.71%
11,000	37.29	53.22	42.71%	\$ 46.64	25.07%
12,000	40.04	57.23	42.94%	\$ 50.20	25.38%
13,000	42.79	61.25	43.14%	\$ 53.77	25.65%
14,000	45.54	65.27	43.31%	\$ 57.33	25.89%
15,000	48.29	69.28	43.47%	\$ 60.89	26.10%
16,000	51.04	73.30	43.61%	\$ 64.46	26.29%
17,000	53.79	77.31	43.73%	\$ 68.02	26.46%
18,000	56.54	81.33	43.84%	\$ 71.59	26.61%
19,000	59.29	85.35	43.95%	\$ 75.15	26.75%
20,000	62.04	89.36	44.04%	\$ 78.71	26.88%
25,000	75.79	109.44	44.40%	\$ 96.53	27.37%
30,000	92.29	129.52	40.34%	\$ 114.35	23.91%
35,000	108.79	149.60	37.51%	\$ 132.17	21.49%
40,000	125.29	169.68	35.43%	\$ 149.99	19.72%
45,000	141.79	189.76	33.83%	\$ 167.81	18.35%
50,000	158.29	209.84	32.57%	\$ 185.63	17.27%
75,000	240.79	310.24	28.84%	\$ 274.73	14.10%
100,000	323.29	410.64	27.02%	\$ 363.83	12.54%

Superstition - Superior
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,358	\$ 35.42	\$ 40.71	\$ 5.29	14.93%
Median Usage	5,403	\$ 30.27	\$ 34.43	\$ 4.16	13.75%
Staff Recommended					
Average Usage	7,358	\$ 35.42	\$ 35.24	\$ (0.19)	-0.53%
Median Usage	5,403	\$ 30.27	\$ 29.43	\$ (0.83)	-2.75%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.02	\$ 19.00	18.60%	\$ 16.35	2.06%
1,000	18.66	21.57	15.61%	\$ 18.34	-1.73%
2,000	21.29	24.14	13.37%	\$ 20.32	-4.57%
3,000	23.93	26.71	11.61%	\$ 22.31	-6.79%
4,000	26.57	29.92	12.63%	\$ 25.27	-4.88%
5,000	29.21	33.14	13.46%	\$ 28.24	-3.31%
6,000	31.84	36.35	14.15%	\$ 31.21	-2.00%
7,000	34.48	39.56	14.74%	\$ 34.17	-0.89%
8,000	37.12	42.78	15.25%	\$ 37.14	0.06%
9,000	39.75	45.99	15.68%	\$ 40.11	0.89%
10,000	42.39	49.20	16.07%	\$ 43.07	1.61%
11,000	45.58	53.22	16.76%	\$ 46.64	2.33%
12,000	48.76	57.23	17.37%	\$ 50.20	2.95%
13,000	51.95	61.25	17.90%	\$ 53.77	3.49%
14,000	55.14	65.27	18.37%	\$ 57.33	3.98%
15,000	58.33	69.28	18.78%	\$ 60.89	4.40%
16,000	61.51	73.30	19.16%	\$ 64.46	4.79%
17,000	64.70	77.31	19.50%	\$ 68.02	5.14%
18,000	67.89	81.33	19.80%	\$ 71.59	5.45%
19,000	71.07	85.35	20.08%	\$ 75.15	5.74%
20,000	74.26	89.36	20.34%	\$ 78.71	6.00%
25,000	90.20	109.44	21.34%	\$ 96.53	7.03%
30,000	108.88	129.52	18.96%	\$ 114.35	5.03%
35,000	127.57	149.60	17.27%	\$ 132.17	3.61%
40,000	146.25	169.68	16.02%	\$ 149.99	2.56%
45,000	164.94	189.76	15.05%	\$ 167.81	1.75%
50,000	183.62	209.84	14.28%	\$ 185.63	1.10%
75,000	277.05	310.24	11.98%	\$ 274.73	-0.83%
100,000	370.47	410.64	10.84%	\$ 363.83	-1.79%

ARIZONA WATER COMPANY
EASTERN GROUP:
MIAMI

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate	
1	Residential 5/8 x 3/4 -inch	\$ 15.44	\$ 19.00	\$ 17.00	Tier One Breakover (M Gal): 10	\$ 3.1400	\$ 2.9950	\$ 1.6670
2					Tier Two Breakover (M Gal): 25	3.9250	3.7480	3.1750
3					Tier Three Breakover (M Gal): 999999	4.7100	3.7480	4.1900
4	Residential 1-inch	38.87	47.50	42.50	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
5					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
6					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
7	Residential 2-inch	129.86	152.00	136.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
8					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
9					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
10	Residential 3-inch	248.35	304.00	272.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
11					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
12					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
13	Residential 4-inch	497.76	475.00	425.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
14					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
15					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
16	Residential 6-inch	875.26	950.00	850.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
17					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
18					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
19	Residential 8-inch	1,163.12	1,520.00	1,360.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
20					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
21					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
22	Residential 10-inch	1,305.25	3,040.00	1,955.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
23					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
24					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
25	Commercial 5/8 x 3/4 -inch	15.44	20.00	17.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
26					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
27					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
28	Commercial 1-inch	38.87	50.00	42.50	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
29					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
30					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
31	Commercial 2-inch	129.86	160.00	136.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
32					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
33					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
34	Commercial 3-inch	248.35	320.00	272.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
35					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
36					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
37	Commercial 4-inch	497.76	500.00	425.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
38					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
39					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
40	Commercial 6-inch	875.26	1,000.00	850.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
41					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
42					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
43	Commercial 8-inch	1,163.12	1,600.00	1,360.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
44					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
45					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a
46	Commercial 10-inch	1,305.25	3,200.00	1,955.00	Tier One Breakover (M Gal): 10	3.1400	2.9950	3.1750
47					Tier Two Breakover (M Gal): 25	3.9250	3.7480	4.1900
48					Tier Three Breakover (M Gal): 999999	4.7100	n/a	n/a

Miami - Consolidated

(A) (B) (C) (D) (E) (F) (G) (H) (I)

**Miami - Consolidated
Typical Bill Analysis**
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,995	\$ 34.26	\$ 35.18	\$ 0.91	2.67%
Median Usage	4,457	\$ 29.43	\$ 30.57	\$ 1.13	3.84%
Staff Recommended					
Average Usage	5,995	\$ 34.26	\$ 31.51	\$ (2.75)	-8.04%
Median Usage	4,457	\$ 29.43	\$ 26.63	\$ (2.81)	-9.54%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.44	\$ 19.00	23.06%	\$ 17.00	10.10%
1,000	18.58	21.40	15.17%	18.67	0.47%
2,000	21.72	23.80	9.57%	20.33	-6.38%
3,000	24.86	26.20	5.38%	22.00	-11.50%
4,000	28.00	29.20	4.27%	25.18	-10.09%
5,000	31.14	32.20	3.39%	28.35	-8.96%
6,000	34.28	35.19	2.67%	31.53	-8.03%
7,000	37.42	38.19	2.07%	34.70	-7.27%
8,000	40.56	41.19	1.56%	37.88	-6.62%
9,000	43.70	44.19	1.12%	41.05	-6.06%
10,000	46.84	47.19	0.75%	44.23	-5.58%
11,000	50.77	50.94	0.34%	48.42	-4.63%
12,000	54.69	54.69	0.00%	52.61	-3.81%
13,000	58.62	58.44	-0.30%	56.80	-3.10%
14,000	62.54	62.19	-0.57%	60.99	-2.48%
15,000	66.47	65.94	-0.80%	65.18	-1.94%
16,000	70.39	69.68	-1.00%	69.37	-1.45%
17,000	74.32	73.43	-1.19%	73.56	-1.02%
18,000	78.24	77.18	-1.35%	77.75	-0.63%
19,000	82.17	80.93	-1.50%	81.94	-0.28%
20,000	86.09	84.68	-1.64%	86.13	0.04%
25,000	105.72	103.43	-2.17%	107.08	1.29%
30,000	129.27	122.17	-5.49%	128.03	-0.96%
35,000	152.82	140.92	-7.79%	148.98	-2.51%
40,000	176.37	159.66	-9.47%	169.93	-3.65%
45,000	199.92	178.41	-10.76%	190.88	-4.52%
50,000	223.47	197.15	-11.78%	211.83	-5.21%
75,000	341.22	290.88	-14.75%	316.58	-7.22%
100,000	458.97	384.60	-16.20%	421.33	-8.20%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate	
1	Residential 5/8 x 3/4 -inch	15.44	22.00	10	3	3.1400	2.3990	3.6500
2				25	10	3.9250	2.9900	5.4580
3				999999	999999	4.7100	3.7490	6.5530
4	Residential 1-inch	38.87	55.00	10	35	3.1400	2.9990	5.4580
5				25	999999	3.9250	3.7490	6.5530
6				999999	999999	4.7100	n/a	n/a
7	Residential 2-inch	129.86	176.00	10	125	3.1400	2.9990	5.4580
8				25	999999	3.9250	3.7490	6.5530
9				999999	999999	4.7100	n/a	n/a
10	Residential 3-inch	248.35	352.00	10	275	3.1400	2.9990	5.4580
11				25	999999	3.9250	3.7490	6.5530
12				999999	999999	4.7100	n/a	n/a
13	Residential 4-inch	497.76	550.00	10	450	3.1400	2.9990	5.4580
14				25	999999	3.9250	3.7490	6.5530
15				999999	999999	4.7100	n/a	n/a
16	Residential 6-inch	875.26	1,100.00	10	900	3.1400	2.9990	5.4580
17				25	999999	3.9250	3.7490	6.5530
18				999999	999999	4.7100	n/a	n/a
19	Residential 8-inch	1,163.12	1,760.00	10	1,400	3.1400	2.9990	5.4580
20				25	999999	3.9250	3.7490	6.5530
21				999999	999999	4.7100	n/a	n/a
22	Residential 10-inch	1,305.25	2,530.00	10	2,000	3.1400	2.9990	5.4580
23				25	999999	3.9250	3.7490	6.5530
24				999999	999999	4.7100	n/a	n/a
25	Commercial 5/8 x 3/4 -inch	15.44	22.00	10	10	3.1400	3.4890	5.4580
26				25	999999	3.9250	4.3610	6.5530
27				999999	999999	4.7100	n/a	n/a
28	Commercial 1-inch	38.87	55.00	10	30	3.1400	3.4890	5.4580
29				25	999999	3.9250	4.3610	6.5530
30				999999	999999	4.7100	n/a	n/a
31	Commercial 2-inch	129.86	176.00	10	100	3.1400	3.4890	5.4580
32				25	999999	3.9250	4.3610	6.5530
33				999999	999999	4.7100	n/a	n/a
34	Commercial 3-inch	248.35	352.00	10	275	3.1400	3.4890	5.4580
35				25	999999	3.9250	4.3610	6.5530
36				999999	999999	4.7100	n/a	n/a
37	Commercial 4-inch	497.76	550.00	10	450	3.1400	3.4890	5.4580
38				25	999999	3.9250	4.3610	6.5530
39				999999	999999	4.7100	n/a	n/a
40	Commercial 6-inch	875.26	1,100.00	10	900	3.1400	3.4890	5.4580
41				25	999999	3.9250	4.3610	6.5530
42				999999	999999	4.7100	n/a	n/a
43	Commercial 8-inch	1,163.12	1,760.00	10	1,400	3.1400	3.4890	5.4580
44				25	999999	3.9250	4.3610	6.5530
45				999999	999999	4.7100	n/a	n/a
46	Commercial 10-inch	1,305.25	2,530.00	10	2,000	3.1400	3.4890	5.4580
47				25	999999	3.9250	4.3610	6.5530
48				999999	999999	4.7100	n/a	n/a

[A] [B] [C] [D] [E] [F] [G] [H] [I]

Basic Service Charge			Break-Over Points				Commodity Charge			
			Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present Rate				Company Proposed Rate
1	Industrial 5/8 x 3/4 -inch	\$ 15.44	\$ 20.00	\$ 22.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		\$ 3.1400	\$ 3.0000	\$ 5.4580
2	Industrial 1-inch	38.87	50.00	55.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.9250	3.0000	6.5530
3	Industrial 2-inch	129.86	160.00	176.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
4	Industrial 3-inch	248.35	320.00	352.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
5	Industrial 4-inch	497.76	500.00	550.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
6	Industrial 6-inch	875.26	1,000.00	1,100.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
7	Industrial 8-inch	1,163.12	1,600.00	1,760.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
8	Industrial 10-inch	1,305.25	2,300.00	2,530.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.0000	5.4580
9	Private Fire Service	5.00	25.00	10.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
10	1-inch service	5.00	25.00	10.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
11	2-inch service	5.00	25.00	10.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
12	3-inch service	5.00	25.00	10.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
13	4-inch service	5.00	25.00	10.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
14	6-inch service	8.75	25.00	22.00		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
15	8-inch service	11.63	25.00	35.20		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
16	10-inch service	13.05	25.00	50.60		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		n/a	n/a	n/a
17	Other Water Revenues	n/a	n/a	n/a						
18	Public Fire Hydrant	n/a	n/a	n/a						
19	Coin Machine	n/a	n/a	n/a						
20	Construction Water (2-inch)	129.86	180.00	-		No. Gallons / \$.25 (quarter) Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.4890	6.5530
21	Construction Water (3-inch)	248.35	320.00	-		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.9250	4.3610	6.5530
22	Construction Water (4-inch)	497.76	500.00	-		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.4890	6.5530
23	Sales for Resale (2-inch)	n/a	160.00	-		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.4890	6.5530
24	Sales for Resale (3-inch)	n/a	320.00	-		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.9250	4.3610	6.5530
25	Sales for Resale (6-inch)	n/a	1,000.00	-		Tier One Breakover (M Gal): 10 999999 Tier Two Breakover (M Gal): 25 999999 Tier Three Breakover (M Gal): 999999		3.1400	3.4890	6.5530

Miami [A] [B] [C] [D] [E] [F] [G] [H] [I]

Miami
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,995	\$ 34.26	\$ 35.18	\$ 0.91	2.67%
Median Usage	4,457	\$ 29.43	\$ 30.57	\$ 1.13	3.84%
Staff Recommended					
Average Usage	5,995	\$ 34.26	\$ 49.30	\$ 15.03	43.87%
Median Usage	4,457	\$ 29.43	\$ 40.90	\$ 11.47	38.96%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.44	\$ 19.00	23.06%	\$ 22.00	42.49%
1,000	18.58	21.40	15.17%	25.65	38.05%
2,000	21.72	23.80	9.57%	29.30	34.90%
3,000	24.86	26.20	5.38%	32.95	32.54%
4,000	28.00	29.20	4.27%	38.41	37.17%
5,000	31.14	32.20	3.39%	43.87	40.87%
6,000	34.28	35.19	2.67%	49.32	43.89%
7,000	37.42	38.19	2.07%	54.78	46.40%
8,000	40.56	41.19	1.56%	60.24	48.52%
9,000	43.70	44.19	1.12%	65.70	50.34%
10,000	46.84	47.19	0.75%	71.16	51.91%
11,000	50.77	50.94	0.34%	77.71	53.08%
12,000	54.69	54.69	0.00%	84.26	54.07%
13,000	58.62	58.44	-0.30%	90.82	54.93%
14,000	62.54	62.19	-0.57%	97.37	55.69%
15,000	66.47	65.94	-0.80%	103.92	56.35%
16,000	70.39	69.68	-1.00%	110.47	56.95%
17,000	74.32	73.43	-1.19%	117.03	57.47%
18,000	78.24	77.18	-1.35%	123.58	57.95%
19,000	82.17	80.93	-1.50%	130.13	58.38%
20,000	86.09	84.68	-1.64%	136.69	58.77%
25,000	105.72	103.43	-2.17%	169.45	60.29%
30,000	129.27	122.17	-5.49%	202.22	56.44%
35,000	152.82	140.92	-7.79%	234.98	53.77%
40,000	176.37	159.66	-9.47%	267.75	51.81%
45,000	199.92	178.41	-10.76%	300.51	50.32%
50,000	223.47	197.15	-11.78%	333.28	49.14%
75,000	341.22	290.88	-14.75%	497.10	45.69%
100,000	458.97	384.60	-16.20%	660.93	44.00%

ARIZONA WATER COMPANY
EASTERN GROUP:
BISBEE

Line No.	Customer Class	Basic Service Charge		Company Present Rate	Company Proposed Rate	Company Recommended Rate	Break-Over Points			Commodity Charge		
		Company Staff					Company Present	Company Proposed	Company Recommended	Company Present Rate	Company Proposed Rate	Company Recommended Rate
		Rate	Rate									
1	Industrial 5/8 x 3/4 -inch	16.32	26.00	15.00	10	999999	10	999999	10	2,594.00	5,618.88	2,900.00
2	Industrial 1-inch	43.78	65.00	37.50	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
3	Industrial 2-inch	141.06	206.00	120.00	10	999999	10	999999	10	2,594.00	5,618.88	2,900.00
4	Industrial 3-inch	267.25	416.00	240.00	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
5	Industrial 4-inch	477.98	650.00	375.00	10	999999	10	999999	10	2,594.00	5,618.88	2,900.00
6	Industrial 6-inch	662.53	1,300.00	750.00	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
7	Industrial 8-inch	891.27	2,080.00	1,200.00	10	999999	10	999999	10	2,594.00	5,618.88	2,900.00
8	Industrial 10-inch	1,200.36	2,980.00	1,725.00	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
9	Private Fire Service	5.00	25.00	10.00						n/a	n/a	
10	1-inch service	5.00	25.00	10.00						n/a	n/a	
11	2-inch service	5.00	25.00	10.00						n/a	n/a	
12	3-inch service	5.00	25.00	10.00						n/a	n/a	
13	4-inch service	5.00	25.00	10.00						n/a	n/a	
14	6-inch service	6.63	25.00	15.00						n/a	n/a	
15	8-inch service	8.91	25.00	24.00						n/a	n/a	
16	10-inch service	12.00	25.00	34.50						n/a	n/a	
17	Other Water Revenues											
18	Public Fire Hydrant	n/a	n/a	n/a						n/a	n/a	
19	Coin Machine	n/a	n/a	n/a						n/a	n/a	
20	Construction Water (2-inch)	141.06	112.00	-	10	999999	10	999999	10	2,594.00	4,495.00	3,600.00
21	Construction Water (3-inch)	267.25	224.00	-	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
22	Construction Water (4-inch)	477.98	350.00	-	10	999999	10	999999	10	2,594.00	4,495.00	3,600.00
23	Sales for Resale (2-inch)	n/a	112.00	-	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00
24	Sales for Resale (3-inch)	n/a	224.00	-	10	999999	10	999999	10	2,594.00	4,495.00	3,600.00
25	Sales for Resale (6-inch)	n/a	700.00	-	25	999999	25	999999	25	3,242.00	5,618.88	3,600.00

Bisbee - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,215	\$ 29.85	\$ 34.74	\$ 4.90	16.41%
Median Usage	3,638	\$ 25.76	\$ 27.66	\$ 1.90	7.37%
Staff Recommended					
Average Usage	5,215	\$ 29.85	\$ 26.67	\$ (3.17)	-10.63%
Median Usage	3,638	\$ 25.76	\$ 22.10	\$ (3.66)	-14.20%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.32	\$ 14.00	-14.22%	\$ 15.00	-8.09%
1,000	18.91	17.60	-6.97%	16.75	-11.44%
2,000	21.51	21.19	-1.47%	18.50	-13.99%
3,000	24.10	24.79	2.85%	20.25	-15.98%
4,000	26.70	29.28	9.69%	23.15	-13.28%
5,000	29.29	33.78	15.32%	26.05	-11.06%
6,000	31.88	38.27	20.04%	28.95	-9.20%
7,000	34.48	42.77	24.04%	31.85	-7.62%
8,000	37.07	47.26	27.49%	34.75	-6.26%
9,000	39.67	51.76	30.48%	37.65	-5.08%
10,000	42.26	56.25	33.11%	40.55	-4.05%
11,000	45.50	61.87	35.98%	44.15	-2.96%
12,000	48.74	67.49	38.46%	47.76	-2.03%
13,000	51.99	73.11	40.63%	51.36	-1.21%
14,000	55.23	78.73	42.55%	54.96	-0.48%
15,000	58.47	84.35	44.26%	58.57	0.16%
16,000	61.71	89.97	45.79%	62.17	0.74%
17,000	64.95	95.59	47.16%	65.77	1.26%
18,000	68.20	101.21	48.40%	69.37	1.73%
19,000	71.44	106.82	49.53%	72.98	2.15%
20,000	74.68	112.44	50.57%	76.58	2.54%
25,000	90.89	140.54	54.62%	94.60	4.08%
30,000	110.34	168.63	52.83%	112.61	2.06%
35,000	129.79	196.73	51.57%	130.63	0.64%
40,000	149.24	224.82	50.65%	148.64	-0.40%
45,000	168.69	252.92	49.93%	166.66	-1.21%
50,000	188.14	281.01	49.36%	184.67	-1.84%
75,000	285.39	421.49	47.69%	274.75	-3.73%
100,000	382.64	561.96	46.86%	364.82	-4.66%

Bisbee
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,215	\$ 29.85	\$ 34.74	\$ 4.90	16.41%
Median Usage	3,638	\$ 25.76	\$ 27.66	\$ 1.90	7.37%
Staff Recommended					
Average Usage	5,215	\$ 29.85	\$ 34.63	\$ 4.78	16.01%
Median Usage	3,638	\$ 25.76	\$ 27.65	\$ 1.89	7.34%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.32	\$ 14.00	-14.22%	\$ 16.00	-1.96%
1,000	18.91	17.60	-6.97%	18.94	0.14%
2,000	21.51	21.19	-1.47%	21.88	1.74%
3,000	24.10	24.79	2.85%	24.82	2.99%
4,000	26.70	29.28	9.69%	29.25	9.56%
5,000	29.29	33.78	15.32%	33.68	14.97%
6,000	31.88	38.27	20.04%	38.10	19.50%
7,000	34.48	42.77	24.04%	42.53	23.35%
8,000	37.07	47.26	27.49%	46.95	26.65%
9,000	39.67	51.76	30.48%	51.38	29.53%
10,000	42.26	56.25	33.11%	55.81	32.05%
11,000	45.50	61.87	35.98%	61.12	34.32%
12,000	48.74	67.49	38.46%	66.43	36.29%
13,000	51.99	73.11	40.63%	71.75	38.01%
14,000	55.23	78.73	42.55%	77.06	39.53%
15,000	58.47	84.35	44.26%	82.38	40.88%
16,000	61.71	89.97	45.79%	87.69	42.09%
17,000	64.95	95.59	47.16%	93.00	43.18%
18,000	68.20	101.21	48.40%	98.32	44.17%
19,000	71.44	106.82	49.53%	103.63	45.06%
20,000	74.68	112.44	50.57%	108.95	45.88%
25,000	90.89	140.54	54.62%	135.52	49.10%
30,000	110.34	168.63	52.83%	162.09	46.90%
35,000	129.79	196.73	51.57%	188.66	45.35%
40,000	149.24	224.82	50.65%	215.23	44.21%
45,000	168.69	252.92	49.93%	241.80	43.34%
50,000	188.14	281.01	49.36%	268.37	42.64%
75,000	285.39	421.49	47.69%	401.22	40.58%
100,000	382.64	561.96	46.86%	534.07	39.57%

ARIZONA WATER COMPANY
EASTERN GROUP:
SIERRA VISTA

Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rate		Staff Recommended Rate	Company Present Rate		Staff Recommended Rate	Company Present Rate		Staff Recommended Rate
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
1	Residential 5/8 x 3/4 -inch	\$ 15.40	\$ 14.00	\$ 15.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	\$ 1.6120 \$ 1.9563 2.4180	\$ 1.9563 2.4453 n/a	2.9000 3.6030 n/a
2	Residential 1-inch	32.71	35.00	37.50	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
3	Residential 2-inch	125.47	112.00	120.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
4	Residential 3-inch	284.04	224.00	240.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
5	Residential 4-inch	398.10	350.00	375.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
6	Residential 6-inch	604.72	700.00	750.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
7	Residential 8-inch	725.66	1,120.00	1,200.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
8	Residential 10-inch	907.08	1,610.00	1,725.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
9	Commercial 5/8 x 3/4 -inch	15.40	14.00	15.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
10	Commercial 1-inch	32.71	35.00	37.50	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
11	Commercial 2-inch	125.47	112.00	120.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
12	Commercial 3-inch	284.04	224.00	240.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
13	Commercial 4-inch	398.10	350.00	375.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
14	Commercial 6-inch	604.72	700.00	750.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
15	Commercial 8-inch	725.66	1,120.00	1,200.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a
16	Commercial 10-inch	907.08	1,610.00	1,725.00	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 25 999999	3 10 999999	1.6120 2.0150 2.4180	1.9563 2.4453 n/a	2.9000 3.6030 n/a

**Sierra Vista - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,924	\$ 29.79	\$ 30.28	\$ 0.50	1.67%
Median Usage	6,380	\$ 25.68	\$ 25.31	\$ (0.38)	-1.47%
Staff Recommended					
Average Usage	8,924	\$ 29.79	\$ 37.43	\$ 7.64	25.66%
Median Usage	6,380	\$ 25.68	\$ 30.05	\$ 4.37	17.00%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.40	\$ 14.00	-9.09%	\$ 15.00	-2.60%
1,000	17.01	15.57	-8.51%	16.75	-1.54%
2,000	18.62	17.13	-8.02%	18.50	-0.67%
3,000	20.24	18.70	-7.62%	20.25	0.07%
4,000	21.85	20.65	-5.48%	23.15	5.96%
5,000	23.46	22.61	-3.63%	26.05	11.04%
6,000	25.07	24.56	-2.03%	28.95	15.47%
7,000	26.68	26.52	-0.61%	31.85	19.36%
8,000	28.30	28.48	0.64%	34.75	22.81%
9,000	29.91	30.43	1.75%	37.65	25.89%
10,000	31.52	32.39	2.76%	40.55	28.65%
11,000	33.54	34.83	3.87%	44.15	31.66%
12,000	35.55	37.28	4.86%	47.76	34.33%
13,000	37.57	39.72	5.75%	51.36	36.72%
14,000	39.58	42.17	6.54%	54.96	38.86%
15,000	41.60	44.62	7.26%	58.57	40.80%
16,000	43.61	47.06	7.91%	62.17	42.55%
17,000	45.63	49.51	8.51%	65.77	44.16%
18,000	47.64	51.95	9.05%	69.37	45.62%
19,000	49.66	54.40	9.55%	72.98	46.97%
20,000	51.67	56.84	10.01%	76.58	48.21%
25,000	61.75	69.07	11.86%	94.60	53.20%
30,000	73.84	81.30	10.10%	112.61	52.52%
35,000	85.93	93.52	8.84%	130.63	52.02%
40,000	98.02	105.75	7.89%	148.64	51.65%
45,000	110.11	117.97	7.15%	166.66	51.36%
50,000	122.20	130.20	6.55%	184.67	51.13%
75,000	182.65	191.33	4.76%	274.75	50.43%
100,000	243.10	252.47	3.86%	364.82	50.07%

[A] Sierra Vista [B] [C] [D] [E] [F] [G] [H] [I]

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate
1	Industrial 5/8 x 3/4 -inch	\$ 15.40	\$ 26.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	\$ 5.6188
2			12.85	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
3	Industrial 1-inch	32.71	65.00	25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.4180	n/a
4			32.13	25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.4180	n/a
5	Industrial 2-inch	125.47	208.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
6			102.80	200	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
7	Industrial 3-inch	284.04	416.00	25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
8			205.60	450	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
9	Industrial 4-inch	398.10	650.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
10			321.25	725	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
11	Industrial 6-inch	604.72	1,300.00	25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
12			642.50	1,500	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
13	Industrial 8-inch	725.66	2,080.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
14			1,028.00	2,400	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
15	Industrial 10-inch	907.08	2,990.00	25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
16			1,477.75	3,500	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
17	Private Fire Service	5.00	25.00	n/a		n/a	n/a
18	1-inch service	5.00	25.00	n/a		n/a	n/a
19	2-inch service	5.00	25.00	n/a		n/a	n/a
20	3-inch service	5.00	25.00	n/a		n/a	n/a
21	4-inch service	5.00	25.00	n/a		n/a	n/a
22	6-inch service	6.05	25.00	n/a		n/a	n/a
23	8-inch service	7.26	25.00	n/a		n/a	n/a
24	10-inch service	9.07	25.00	n/a		n/a	n/a
25	Other Water Revenues	n/a	n/a	n/a		n/a	n/a
26	Public Fire Hydrant	n/a	n/a	n/a		n/a	n/a
27	Coin Machine	n/a	n/a	n/a		n/a	n/a
28	Construction Water (2-inch)	125.47	112.00	10	No. Gallons / .25 (quarter) Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	2.0000
29				25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	2.5000
30	Construction Water (3-inch)	284.04	224.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	2.0000
31				25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	2.5000
32	Construction Water (4-inch)	398.10	350.00	10	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	2.0000
33				25	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	2.5000
34	Sales for Resale (2-inch)	n/a	112.00	n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
35				n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1.6120	5.6188
36	Sales for Resale (3-inch)	n/a	224.00	n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
37				n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.0150	5.6188
38	Sales for Resale (6-inch)	n/a	700.00	n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.4180	5.6188
39				n/a	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2.4180	5.6188

Sierra Vista
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,924	\$ 29.79	\$ 30.28	\$ 0.50	1.67%
Median Usage	6,380	\$ 25.68	\$ 25.31	\$ (0.38)	-1.47%
Staff Recommended					
Average Usage	8,924	\$ 29.79	\$ 28.04	\$ (1.75)	-5.86%
Median Usage	6,380	\$ 25.68	\$ 23.16	\$ (2.53)	-9.85%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.40	\$ 14.00	-9.09%	\$ 12.85	-16.56%
1,000	17.01	15.57	-8.51%	14.12	-16.99%
2,000	18.62	17.13	-8.02%	15.39	-17.34%
3,000	20.24	18.70	-7.62%	16.67	-17.64%
4,000	21.85	20.65	-5.48%	18.59	-14.93%
5,000	23.46	22.61	-3.63%	20.51	-12.59%
6,000	25.07	24.56	-2.03%	22.43	-10.55%
7,000	26.68	26.52	-0.61%	24.35	-8.76%
8,000	28.30	28.48	0.64%	26.27	-7.17%
9,000	29.91	30.43	1.75%	28.19	-5.76%
10,000	31.52	32.39	2.76%	30.11	-4.49%
11,000	33.54	34.83	3.87%	32.41	-3.37%
12,000	35.55	37.28	4.86%	34.70	-2.38%
13,000	37.57	39.72	5.75%	37.00	-1.50%
14,000	39.58	42.17	6.54%	39.30	-0.70%
15,000	41.60	44.62	7.26%	41.60	0.01%
16,000	43.61	47.06	7.91%	43.90	0.66%
17,000	45.63	49.51	8.51%	46.20	1.26%
18,000	47.64	51.95	9.05%	48.50	1.80%
19,000	49.66	54.40	9.55%	50.80	2.30%
20,000	51.67	56.84	10.01%	53.10	2.76%
25,000	61.75	69.07	11.86%	64.59	4.61%
30,000	73.84	81.30	10.10%	76.09	3.05%
35,000	85.93	93.52	8.84%	87.58	1.93%
40,000	98.02	105.75	7.89%	99.08	1.08%
45,000	110.11	117.97	7.15%	110.57	0.42%
50,000	122.20	130.20	6.55%	122.07	-0.11%
75,000	182.65	191.33	4.76%	179.54	-1.70%
100,000	243.10	252.47	3.86%	237.02	-2.50%

ARIZONA WATER COMPANY
EASTERN GROUP:
SAN MANUEL

**San Manuel
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,744	\$ 34.84	\$ 51.22	\$ 16.38	47.01%
Median Usage	6,505	\$ 31.02	\$ 43.32	\$ 12.30	39.64%
Staff Recommended					
Average Usage	8,744	\$ 34.84	\$ 46.92	\$ 12.08	34.66%
Median Usage	6,505	\$ 31.02	\$ 39.19	\$ 8.17	26.33%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 19.94	\$ 22.50	12.84%	\$ 22.00	10.33%
1,000	21.64	25.32	16.99%	23.70	9.50%
2,000	23.35	28.14	20.53%	25.40	8.79%
3,000	25.05	30.96	23.59%	27.10	8.17%
4,000	26.76	34.49	28.90%	30.55	14.18%
5,000	28.46	38.02	33.57%	34.00	19.47%
6,000	30.16	41.54	37.72%	37.45	24.15%
7,000	31.87	45.07	41.42%	40.90	28.34%
8,000	33.57	48.59	44.74%	44.35	32.10%
9,000	35.28	52.12	47.75%	47.80	35.50%
10,000	36.98	55.65	50.47%	51.25	38.59%
11,000	39.11	60.05	53.55%	56.10	43.44%
12,000	41.24	64.46	56.31%	60.95	47.80%
13,000	43.37	68.87	58.79%	65.80	51.72%
14,000	45.50	73.28	61.05%	70.65	55.28%
15,000	47.63	77.69	63.10%	75.51	58.52%
16,000	49.76	82.09	64.98%	80.36	61.49%
17,000	51.89	86.50	66.70%	85.21	64.21%
18,000	54.02	90.91	68.29%	90.06	66.71%
19,000	56.15	95.32	69.75%	94.91	69.03%
20,000	58.28	99.73	71.11%	99.76	71.17%
25,000	68.93	121.77	76.65%	124.02	79.91%
30,000	81.71	143.81	75.99%	148.27	81.46%
35,000	94.49	165.85	75.52%	172.53	82.59%
40,000	107.27	187.89	75.15%	196.78	83.44%
45,000	120.05	209.93	74.86%	221.04	84.12%
50,000	132.83	231.97	74.63%	245.29	84.66%
75,000	196.73	342.17	73.93%	366.57	86.33%
100,000	260.63	452.37	73.57%	487.84	87.18%

San Manuel
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,744	\$ 43.74	\$ 51.22	\$ 7.47	17.08%
Median Usage	6,505	\$ 38.80	\$ 43.32	\$ 4.52	11.64%
Staff Recommended					
Average Usage	8,744	\$ 43.74	\$ 46.92	\$ 3.17	7.25%
Median Usage	6,505	\$ 38.80	\$ 39.19	\$ 0.39	1.00%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 24.45	\$ 22.50	-7.98%	\$ 22.00	-10.02%
1,000	26.66	25.32	-5.01%	23.70	-11.09%
2,000	28.86	28.14	-2.50%	25.40	-12.00%
3,000	31.07	30.96	-0.34%	27.10	-12.78%
4,000	33.28	34.49	3.64%	30.55	-8.19%
5,000	35.48	38.02	7.14%	34.00	-4.18%
6,000	37.69	41.54	10.22%	37.45	-0.64%
7,000	39.90	45.07	12.96%	40.90	2.52%
8,000	42.10	48.59	15.42%	44.35	5.34%
9,000	44.31	52.12	17.63%	47.80	7.88%
10,000	46.52	55.65	19.63%	51.25	10.18%
11,000	49.15	60.05	22.19%	56.10	14.15%
12,000	51.78	64.46	24.49%	60.95	17.71%
13,000	54.41	68.87	26.57%	65.80	20.93%
14,000	57.05	73.28	28.45%	70.65	23.85%
15,000	59.68	77.69	30.17%	75.51	26.52%
16,000	62.31	82.09	31.75%	80.36	28.96%
17,000	64.94	86.50	33.19%	85.21	31.20%
18,000	67.58	90.91	34.53%	90.06	33.27%
19,000	70.21	95.32	35.76%	94.91	35.18%
20,000	72.84	99.73	36.91%	99.76	36.95%
25,000	86.01	121.77	41.58%	124.02	44.20%
30,000	101.30	143.81	41.96%	148.27	46.37%
35,000	116.59	165.85	42.25%	172.53	47.97%
40,000	131.88	187.89	42.46%	196.78	49.21%
45,000	147.18	209.93	42.63%	221.04	50.18%
50,000	162.47	231.97	42.77%	245.29	50.98%
75,000	238.94	342.17	43.20%	366.57	53.42%
100,000	315.40	452.37	43.43%	487.84	54.67%

ARIZONA WATER COMPANY
EASTERN GROUP:
ORACLE

Oracle
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,605	\$ 47.25	\$ 49.41	\$ 2.16	4.56%
Median Usage	4,339	\$ 40.94	\$ 42.54	\$ 1.60	3.90%
Staff Recommended					
Average Usage	5,605	\$ 47.25	\$ 43.57	\$ (3.68)	-7.80%
Median Usage	4,339	\$ 40.94	\$ 36.73	\$ (4.21)	-10.28%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 19.31	\$ 22.25	15.23%	\$ 20.50	6.16%
1,000	24.30	26.59	9.45%	23.50	-3.27%
2,000	29.28	30.93	5.64%	26.50	-9.49%
3,000	34.27	35.27	2.94%	29.50	-13.91%
4,000	39.25	40.70	3.69%	34.90	-11.08%
5,000	44.24	46.13	4.27%	40.30	-8.90%
6,000	49.22	51.55	4.74%	45.70	-7.15%
7,000	54.21	56.98	5.11%	51.10	-5.73%
8,000	59.19	62.40	5.43%	56.50	-4.54%
9,000	64.18	67.83	5.69%	61.90	-3.54%
10,000	69.16	73.26	5.92%	67.30	-2.69%
11,000	75.39	80.04	6.16%	74.63	-1.01%
12,000	81.62	86.82	6.37%	81.95	0.41%
13,000	87.85	93.60	6.55%	89.28	1.63%
14,000	94.08	100.39	6.70%	96.61	2.68%
15,000	100.32	107.17	6.83%	103.94	3.61%
16,000	106.55	113.95	6.95%	111.26	4.43%
17,000	112.78	120.74	7.06%	118.59	5.15%
18,000	119.01	127.52	7.15%	125.92	5.80%
19,000	125.24	134.30	7.24%	133.24	6.39%
20,000	131.47	141.09	7.31%	140.57	6.92%
25,000	162.63	175.00	7.61%	177.21	8.97%
30,000	200.01	208.92	4.45%	213.84	6.91%
35,000	237.40	242.83	2.29%	250.48	5.51%
40,000	274.78	276.75	0.72%	287.11	4.49%
45,000	312.17	310.66	-0.48%	323.75	3.71%
50,000	349.55	344.58	-1.42%	360.38	3.10%
75,000	536.48	514.15	-4.16%	543.56	1.32%
100,000	723.40	683.73	-5.48%	726.73	0.46%

ARIZONA WATER COMPANY
EASTERN GROUP:
WINKLEMAN

Winkleman
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,549	\$ 23.80	\$ 33.91	\$ 10.12	42.51%
Median Usage	7,329	\$ 21.28	\$ 29.53	\$ 8.26	38.81%
Staff Recommended					
Average Usage	9,549	\$ 23.80	\$ 31.05	\$ 7.25	30.47%
Median Usage	7,329	\$ 21.28	\$ 26.61	\$ 5.33	25.06%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed		Staff Recommended	
		Rates	% Increase	Rates	% Increase
-	\$ 12.95	\$ 16.25	25.48%	\$ 14.50	11.97%
1,000	14.09	17.83	26.57%	15.65	11.10%
2,000	15.22	19.41	27.50%	16.80	10.37%
3,000	16.36	20.99	28.30%	17.95	9.73%
4,000	17.49	22.96	31.25%	19.95	14.04%
5,000	18.63	24.94	33.84%	21.95	17.82%
6,000	19.77	26.91	36.14%	23.95	21.17%
7,000	20.90	28.88	38.18%	25.95	24.15%
8,000	22.04	30.86	40.02%	27.95	26.83%
9,000	23.17	32.83	41.67%	29.95	29.24%
10,000	24.31	34.81	43.17%	31.95	31.43%
11,000	25.73	37.27	44.86%	34.56	34.30%
12,000	27.15	39.74	46.38%	37.16	36.87%
13,000	28.57	42.21	47.74%	39.77	39.18%
14,000	29.99	44.68	48.97%	42.37	41.28%
15,000	31.41	47.15	50.10%	44.98	43.19%
16,000	32.83	49.61	51.12%	47.58	44.93%
17,000	34.25	52.08	52.06%	50.19	46.53%
18,000	35.67	54.55	52.93%	52.79	48.00%
19,000	37.09	57.02	53.73%	55.40	49.35%
20,000	38.51	59.49	54.47%	58.00	50.61%
25,000	45.61	71.83	57.48%	71.03	55.72%
30,000	54.13	84.17	55.49%	84.05	55.27%
35,000	62.65	96.51	54.04%	97.08	54.95%
40,000	71.17	108.85	52.94%	110.10	54.70%
45,000	79.69	121.19	52.07%	123.13	54.50%
50,000	88.21	133.53	51.37%	136.15	54.35%
75,000	130.81	195.23	49.24%	201.28	53.87%
100,000	173.41	256.93	48.16%	266.40	53.62%

ARIZONA WATER COMPANY
NORTHERN GROUP:
LAKESIDE

**Lakeside - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,312	\$ 36.35	\$ 35.73	\$ (0.62)	-1.70%
Median Usage	2,314	\$ 27.76	\$ 24.99	\$ (2.77)	-9.97%
Staff Recommended					
Average Usage	4,312	\$ 36.35	\$ 29.36	\$ (7.00)	-19.24%
Median Usage	2,314	\$ 27.76	\$ 20.39	\$ (7.37)	-26.54%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 17.81	\$ 14.00	-21.39%	\$ 13.45	-24.48%
1,000	22.11	18.75	-15.19%	16.45	-25.60%
2,000	26.41	23.50	-11.01%	19.45	-26.35%
3,000	30.71	28.25	-8.00%	22.45	-26.90%
4,000	35.01	33.95	-3.02%	27.71	-20.84%
5,000	39.31	39.66	0.88%	32.98	-16.11%
6,000	43.61	45.36	4.00%	38.24	-12.31%
7,000	47.91	51.06	6.57%	43.51	-9.19%
8,000	52.21	56.76	8.71%	48.77	-6.59%
9,000	56.51	62.46	10.53%	54.03	-4.38%
10,000	60.81	68.16	12.09%	59.30	-2.49%
11,000	65.11	75.00	15.19%	66.15	1.60%
12,000	69.41	81.84	17.91%	73.01	5.18%
13,000	73.71	88.68	20.31%	79.86	8.34%
14,000	78.01	95.52	22.45%	86.71	11.16%
15,000	82.31	102.37	24.37%	93.57	13.68%
16,000	86.61	109.21	26.09%	100.42	15.95%
17,000	90.91	116.05	27.65%	107.28	18.00%
18,000	95.21	122.89	29.07%	114.13	19.87%
19,000	99.51	129.73	30.37%	120.98	21.58%
20,000	103.81	136.57	31.56%	127.84	23.15%
25,000	125.31	170.78	36.28%	162.11	29.37%
30,000	146.81	204.98	39.62%	196.38	33.76%
35,000	168.31	239.19	42.11%	230.65	37.04%
40,000	189.81	273.39	44.03%	264.92	39.57%
45,000	211.31	307.60	45.57%	299.19	41.59%
50,000	232.81	341.80	46.81%	333.46	43.23%
75,000	340.31	512.83	50.69%	504.81	48.34%
100,000	447.81	683.85	52.71%	676.16	50.99%

Lakeside - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,312	\$ 398.31	\$ 35.73	\$ (362.57)	-91.03%
Median Usage	2,314	\$ 389.94	\$ 24.99	\$ (364.94)	-93.59%
Staff Recommended					
Average Usage	4,312	\$ 398.31	\$ 29.36	\$ (368.95)	-92.63%
Median Usage	2,314	\$ 389.94	\$ 20.39	\$ (369.54)	-94.77%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 380.24	\$ 14.00	-96.32%	\$ 13.45	-96.46%
1,000	384.43	18.75	-95.12%	16.45	-95.72%
2,000	388.62	23.50	-93.95%	19.45	-95.00%
3,000	392.81	28.25	-92.81%	22.45	-94.28%
4,000	397.00	33.95	-91.45%	27.71	-93.02%
5,000	401.19	39.66	-90.12%	32.98	-91.78%
6,000	405.38	45.36	-88.81%	38.24	-90.57%
7,000	409.57	51.06	-87.53%	43.51	-89.38%
8,000	413.76	56.76	-86.28%	48.77	-88.21%
9,000	417.95	62.46	-85.06%	54.03	-87.07%
10,000	422.14	68.16	-83.85%	59.30	-85.95%
11,000	426.33	75.00	-82.41%	66.15	-84.48%
12,000	430.52	81.84	-80.99%	73.01	-83.04%
13,000	434.71	88.68	-79.60%	79.86	-81.63%
14,000	438.90	95.52	-78.24%	86.71	-80.24%
15,000	443.09	102.37	-76.90%	93.57	-78.88%
16,000	447.28	109.21	-75.58%	100.42	-77.55%
17,000	451.47	116.05	-74.30%	107.28	-76.24%
18,000	455.66	122.89	-73.03%	114.13	-74.95%
19,000	459.85	129.73	-71.79%	120.98	-73.69%
20,000	464.04	136.57	-70.57%	127.84	-72.45%
25,000	484.99	170.78	-64.79%	162.11	-66.57%
30,000	505.94	204.98	-59.49%	196.38	-61.19%
35,000	526.89	239.19	-54.60%	230.65	-56.22%
40,000	547.84	273.39	-50.10%	264.92	-51.64%
45,000	568.79	307.60	-45.92%	299.19	-47.40%
50,000	589.74	341.80	-42.04%	333.46	-43.46%
75,000	694.49	512.83	-26.16%	504.81	-27.31%
100,000	799.24	683.85	-14.44%	676.16	-15.40%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	\$ 17.81	\$ 14.00	999999	10	3	3,270.00
2			15.50	999999	10	10	4,895.00
3				999999	999999	999999	5,891.00
4	Residential 1-inch	44.53	35.00	999999	10	20	4,895.00
5			38.75	999999	999999	999999	5,891.00
6				999999	999999	999999	n/a
7	Residential 2-inch	131.79	112.00	999999	50	65	4,895.00
8			124.00	999999	999999	999999	5,891.00
9				999999	999999	999999	n/a
10	Residential 3-inch	219.60	224.00	999999	125	175	4,895.00
11			248.00	999999	999999	999999	5,891.00
12				999999	999999	999999	n/a
13	Residential 4-inch	380.24	350.00	999999	200	300	4,895.00
14			387.50	999999	999999	999999	5,891.00
15				999999	999999	999999	n/a
16	Residential 6-inch	789.17	700.00	999999	350	580	4,895.00
17			775.00	999999	999999	999999	5,891.00
18				999999	999999	999999	n/a
19	Residential 8-inch	1,056.32	1,120.00	999999	650	950	4,895.00
20			1,240.00	999999	999999	999999	5,891.00
21				999999	999999	999999	n/a
22	Residential 10-inch	1,485.54	1,610.00	999999	1,400	1,300	4,895.00
23			1,782.50	999999	999999	999999	5,891.00
24				999999	999999	999999	n/a
25	Commercial 5/8 x 3/4 -inch	17.81	14.00	999999	10	10	4,895.00
26			15.50	999999	999999	999999	5,891.00
27				999999	999999	999999	n/a
28	Commercial 1-inch	44.53	35.00	999999	15	20	4,895.00
29			38.75	999999	999999	999999	5,891.00
30				999999	999999	999999	n/a
31	Commercial 2-inch	131.79	112.00	999999	65	65	4,895.00
32			124.00	999999	999999	999999	5,891.00
33				999999	999999	999999	n/a
34	Commercial 3-inch	219.60	224.00	999999	125	175	4,895.00
35			248.00	999999	999999	999999	5,891.00
36				999999	999999	999999	n/a
37	Commercial 4-inch	380.24	350.00	999999	200	300	4,895.00
38			387.50	999999	999999	999999	5,891.00
39				999999	999999	999999	n/a
40	Commercial 6-inch	789.17	700.00	999999	400	580	4,895.00
41			775.00	999999	999999	999999	5,891.00
42				999999	999999	999999	n/a
43	Commercial 8-inch	1,056.32	1,120.00	999999	675	950	4,895.00
44			1,240.00	999999	999999	999999	5,891.00
45				999999	999999	999999	n/a
46	Commercial 10-inch	1,485.54	2,240.00	999999	1,400	1,300	4,895.00
47			1,782.50	999999	999999	999999	5,891.00
48				999999	999999	999999	n/a

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate
1	Industrial 5/8 x 3/4 -inch	\$ 17.81	\$ 14.00	\$ 15.50		\$ 4,300.00	\$ 4,503.00
2					10		
3					999999		
4	Industrial 1-inch	44.53	35.00	38.75		4,300.00	4,503.00
5					999999		
6					20		
7	Industrial 2-inch	131.79	112.00	124.00		4,300.00	4,503.00
8					999999		
9					65		
10	Industrial 3-inch	219.60	224.00	248.00		4,300.00	4,503.00
11					999999		
12					175		
13	Industrial 4-inch	380.24	350.00	387.50		4,300.00	4,503.00
14					999999		
15					300		
16	Industrial 6-inch	789.17	700.00	775.00		4,300.00	4,503.00
17					999999		
18					580		
19	Industrial 8-inch	1,056.32	1,120.00	1,240.00		4,300.00	4,503.00
20					999999		
21					950		
22	Industrial 10-inch	1,485.54	2,240.00	1,782.50		4,300.00	4,503.00
23					999999		
24					1,300		
25	Private Fire Service	5.00	25.00	10.00		n/a	n/a
26	1-inch service	5.00	25.00	10.00		n/a	n/a
27	2-inch service	5.00	25.00	10.00		n/a	n/a
28	3-inch service	5.00	25.00	10.00		n/a	n/a
29	4-inch service	5.00	25.00	10.00		n/a	n/a
30	6-inch service	7.89	25.00	15.50		n/a	n/a
31	8-inch service	10.56	25.00	24.80		n/a	n/a
32	10-inch service	14.86	25.00	35.65		n/a	n/a
33	Other Water Revenues						
34	Public Fire Hydrant	n/a	n/a	n/a			
35	Coin Machine	n/a	n/a	n/a			
36	Construction Water (2-inch)	131.79	112.00	-		4,300.00	5,203.00
37					999999		
38					65		
39	Construction Water (3-inch)	219.60	224.00	-		4,300.00	5,203.00
40					999999		
41					125		
42	Construction Water (4-inch)	380.24	350.00	-		4,300.00	5,203.00
43					999999		
44					200		
45	Sales for Resale (2-inch)	n/a	112.00	-		4,300.00	5,203.00
46					999999		
47					n/a		
48	Sales for Resale (3-inch)	n/a	224.00	-		4,300.00	5,203.00
49					999999		
50					n/a		
51	Sales for Resale (6-inch)	n/a	700.00	-		4,300.00	5,203.00
52					999999		
53					n/a		

**Lakeside
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,312	\$ 36.35	\$ 35.73	\$ (0.62)	-1.70%
Median Usage	2,314	\$ 27.76	\$ 24.99	\$ (2.77)	-9.97%
Staff Recommended					
Average Usage	4,312	\$ 36.35	\$ 31.73	\$ (4.62)	-12.71%
Median Usage	2,314	\$ 27.76	\$ 23.07	\$ (4.69)	-16.91%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 17.81	\$ 14.00	-21.39%	\$ 15.50	-12.97%
1,000	22.11	18.75	-15.19%	18.77	-15.11%
2,000	26.41	23.50	-11.01%	22.04	-16.55%
3,000	30.71	28.25	-8.00%	25.31	-17.58%
4,000	35.01	33.95	-3.02%	30.21	-13.72%
5,000	39.31	39.66	0.88%	35.10	-10.71%
6,000	43.61	45.36	4.00%	40.00	-8.29%
7,000	47.91	51.06	6.57%	44.89	-6.30%
8,000	52.21	56.76	8.71%	49.79	-4.64%
9,000	56.51	62.46	10.53%	54.68	-3.24%
10,000	60.81	68.16	12.09%	59.58	-2.03%
11,000	65.11	75.00	15.19%	65.47	0.55%
12,000	69.41	81.84	17.91%	71.36	2.81%
13,000	73.71	88.68	20.31%	77.25	4.80%
14,000	78.01	95.52	22.45%	83.14	6.57%
15,000	82.31	102.37	24.37%	89.03	8.16%
16,000	86.61	109.21	26.09%	94.92	9.60%
17,000	90.91	116.05	27.65%	100.81	10.89%
18,000	95.21	122.89	29.07%	106.70	12.07%
19,000	99.51	129.73	30.37%	112.59	13.15%
20,000	103.81	136.57	31.56%	118.49	14.14%
25,000	125.31	170.78	36.28%	147.94	18.06%
30,000	146.81	204.98	39.62%	177.40	20.83%
35,000	168.31	239.19	42.11%	206.85	22.90%
40,000	189.81	273.39	44.03%	236.31	24.50%
45,000	211.31	307.60	45.57%	265.76	25.77%
50,000	232.81	341.80	46.81%	295.22	26.81%
75,000	340.31	512.83	50.69%	442.49	30.03%
100,000	447.81	683.85	52.71%	589.77	31.70%

Lakeside
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,312	\$ 35.88	\$ 35.73	\$ (0.14)	-0.40%
Median Usage	2,314	\$ 27.51	\$ 24.99	\$ (2.51)	-9.13%
Staff Recommended					
Average Usage	4,312	\$ 35.88	\$ 31.73	\$ (4.15)	-11.55%
Median Usage	2,314	\$ 27.51	\$ 23.07	\$ (4.44)	-16.14%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 17.81	\$ 14.00	-21.39%	\$ 15.50	-12.97%
1,000	22.00	18.75	-14.77%	18.77	-14.68%
2,000	26.19	23.50	-10.26%	22.04	-15.85%
3,000	30.38	28.25	-7.00%	25.31	-16.69%
4,000	34.57	33.95	-1.78%	30.21	-12.63%
5,000	38.76	39.66	2.31%	35.10	-9.44%
6,000	42.95	45.36	5.60%	40.00	-6.88%
7,000	47.14	51.06	8.31%	44.89	-4.77%
8,000	51.33	56.76	10.57%	49.79	-3.01%
9,000	55.52	62.46	12.50%	54.68	-1.51%
10,000	59.71	68.16	14.15%	59.58	-0.23%
11,000	63.90	75.00	17.37%	65.47	2.45%
12,000	68.09	81.84	20.20%	71.36	4.80%
13,000	72.28	88.68	22.69%	77.25	6.87%
14,000	76.47	95.52	24.92%	83.14	8.72%
15,000	80.66	102.37	26.91%	89.03	10.38%
16,000	84.85	109.21	28.70%	94.92	11.87%
17,000	89.04	116.05	30.33%	100.81	13.22%
18,000	93.23	122.89	31.81%	106.70	14.45%
19,000	97.42	129.73	33.16%	112.59	15.58%
20,000	101.61	136.57	34.41%	118.49	16.61%
25,000	122.56	170.78	39.34%	147.94	20.71%
30,000	143.51	204.98	42.83%	177.40	23.61%
35,000	164.46	239.19	45.44%	206.85	25.78%
40,000	185.41	273.39	47.45%	236.31	27.45%
45,000	206.36	307.60	49.06%	265.76	28.78%
50,000	227.31	341.80	50.37%	295.22	29.87%
75,000	332.06	512.83	54.44%	442.49	33.26%
100,000	436.81	683.85	56.56%	589.77	35.02%

ARIZONA WATER COMPANY
NORTHERN GROUP:
OVERGAARD

Overgaard - Consolidated

Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	18.40	14.00	13.45	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	3 10 10	3 10 10	4,4500	4,7510	3,0000
2								4,4500	5,7010	5,2640
3								4,4500	6,8410	6,8540
4	Residential 1-inch	46.00	35.00	33.63	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	10 20 20	10 20 20	4,4500	5,7010	5,2640
5								4,4500	6,8410	6,8540
6	Residential 2-inch	136.16	112.00	107.60	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	50 125 130	65 130 130	4,4500	5,7010	5,2640
7								4,4500	6,8410	6,8540
8	Residential 3-inch	226.88	224.00	215.20	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	125 350 350	130 400 400	4,4500	5,7010	5,2640
9								4,4500	6,8410	6,8540
10	Residential 4-inch	392.84	350.00	336.25	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	200 350 350	200 400 400	4,4500	5,7010	5,2640
11								4,4500	6,8410	6,8540
12	Residential 6-inch	815.30	700.00	672.50	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	350 650 650	400 900 900	4,4500	5,7010	5,2640
13								4,4500	6,8410	6,8540
14	Residential 8-inch	1,091.31	1,120.00	1,076.00	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	650 1,400 1,400	650 900 900	4,4500	5,7010	5,2640
15								4,4500	6,8410	6,8540
16	Residential 10-inch	1,534.75	1,610.00	1,546.75	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	1,400 1,400 1,400	900 900 900	4,4500	5,7010	5,2640
17								4,4500	6,8410	6,8540
18	Commercial 5/8 x 3/4 -inch	18.40	14.00	13.45	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	10 15 15	10 15 15	4,4500	5,2030	5,2640
19								4,4500	6,2440	6,8540
20								4,4500	6,2440	6,8540
21	Commercial 1-inch	46.00	35.00	33.63	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	20 65 65	20 65 65	4,4500	5,2030	5,2640
22								4,4500	6,2440	6,8540
23	Commercial 2-inch	136.16	112.00	107.60	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	65 125 125	65 125 125	4,4500	5,2030	5,2640
24								4,4500	6,2440	6,8540
25	Commercial 3-inch	226.88	224.00	215.20	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	125 200 200	130 200 200	4,4500	5,2030	5,2640
26								4,4500	6,2440	6,8540
27	Commercial 4-inch	392.84	350.00	336.25	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	200 400 400	200 400 400	4,4500	5,2030	5,2640
28								4,4500	6,2440	6,8540
29	Commercial 6-inch	815.30	700.00	672.50	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	400 675 675	400 650 650	4,4500	5,2030	5,2640
30								4,4500	6,2440	6,8540
31	Commercial 8-inch	1,091.31	1,120.00	1,076.00	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	1,400 1,400 1,400	900 900 900	4,4500	5,2030	5,2640
32								4,4500	6,2440	6,8540
33	Commercial 10-inch	1,534.75	2,240.00	1,546.75	Tier One Breakover (M Gal): 999999 Tier Two Breakover (M Gal): 999999 Tier Three Breakover (M Gal): 999999	1,400 1,400 1,400	900 900 900	4,4500	5,2030	5,2640
34								4,4500	6,2440	6,8540

**Overgard - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,765	\$ 30.70	\$ 27.14	\$ (3.57)	-11.62%
Median Usage	772	\$ 21.84	\$ 17.67	\$ (4.17)	-19.09%
Staff Recommended					
Average Usage	2,765	\$ 30.70	\$ 21.75	\$ (8.96)	-29.18%
Median Usage	772	\$ 21.84	\$ 15.77	\$ (6.07)	-27.80%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 18.40	\$ 14.00	-23.91%	\$ 13.45	-26.90%
1,000	22.85	18.75	-17.94%	16.45	-28.01%
2,000	27.30	23.50	-13.91%	19.45	-28.75%
3,000	31.75	28.25	-11.01%	22.45	-29.29%
4,000	36.20	33.95	-6.20%	27.71	-23.44%
5,000	40.65	39.66	-2.45%	32.98	-18.87%
6,000	45.10	45.36	0.57%	38.24	-15.21%
7,000	49.55	51.06	3.04%	43.51	-12.20%
8,000	54.00	56.76	5.11%	48.77	-9.69%
9,000	58.45	62.46	6.86%	54.03	-7.56%
10,000	62.90	68.16	8.36%	59.30	-5.73%
11,000	67.35	75.00	11.36%	66.15	-1.78%
12,000	71.80	81.84	13.99%	73.01	1.68%
13,000	76.25	88.68	16.31%	79.86	4.73%
14,000	80.70	95.52	18.37%	86.71	7.45%
15,000	85.15	102.37	20.22%	93.57	9.89%
16,000	89.60	109.21	21.88%	100.42	12.08%
17,000	94.05	116.05	23.39%	107.28	14.06%
18,000	98.50	122.89	24.76%	114.13	15.87%
19,000	102.95	129.73	26.01%	120.98	17.52%
20,000	107.40	136.57	27.16%	127.84	19.03%
25,000	129.65	170.78	31.72%	162.11	25.04%
30,000	151.90	204.98	34.94%	196.38	29.28%
35,000	174.15	239.19	37.34%	230.65	32.44%
40,000	196.40	273.39	39.20%	264.92	34.89%
45,000	218.65	307.60	40.68%	299.19	36.83%
50,000	240.90	341.80	41.88%	333.46	38.42%
75,000	352.15	512.83	45.63%	504.81	43.35%
100,000	463.40	683.85	47.57%	676.16	45.91%

Overgard - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,765	\$ 30.73	\$ 27.14	\$ (3.60)	-11.70%
Median Usage	772	\$ 21.84	\$ 17.67	\$ (4.18)	-19.12%
Staff Recommended					
Average Usage	2,765	\$ 30.73	\$ 21.75	\$ (8.99)	-29.24%
Median Usage	772	\$ 21.84	\$ 15.77	\$ (6.08)	-27.82%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 18.40	\$ 14.00	-23.91%	\$ 13.45	-26.90%
1,000	22.86	18.75	-17.97%	16.45	-28.04%
2,000	27.32	23.50	-13.98%	19.45	-28.81%
3,000	31.78	28.25	-11.10%	22.45	-29.36%
4,000	36.24	33.95	-6.31%	27.71	-23.53%
5,000	40.70	39.66	-2.57%	32.98	-18.97%
6,000	45.16	45.36	0.43%	38.24	-15.32%
7,000	49.62	51.06	2.90%	43.51	-12.32%
8,000	54.08	56.76	4.95%	48.77	-9.82%
9,000	58.54	62.46	6.69%	54.03	-7.70%
10,000	63.00	68.16	8.19%	59.30	-5.88%
11,000	67.46	75.00	11.18%	66.15	-1.94%
12,000	71.92	81.84	13.80%	73.01	1.51%
13,000	76.38	88.68	16.11%	79.86	4.56%
14,000	80.84	95.52	18.16%	86.71	7.27%
15,000	85.30	102.37	20.01%	93.57	9.69%
16,000	89.76	109.21	21.66%	100.42	11.88%
17,000	94.22	116.05	23.17%	107.28	13.86%
18,000	98.68	122.89	24.53%	114.13	15.66%
19,000	103.14	129.73	25.78%	120.98	17.30%
20,000	107.60	136.57	26.92%	127.84	18.81%
25,000	129.90	170.78	31.47%	162.11	24.79%
30,000	152.20	204.98	34.68%	196.38	29.03%
35,000	174.50	239.19	37.07%	230.65	32.18%
40,000	196.80	273.39	38.92%	264.92	34.61%
45,000	219.10	307.60	40.39%	299.19	36.55%
50,000	241.40	341.80	41.59%	333.46	38.14%
75,000	352.90	512.83	45.32%	504.81	43.05%
100,000	464.40	683.85	47.25%	676.16	45.60%

Line No.	Customer Class	Basic Service Charge		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Commodity Charge		
		Proposed Rate	Recommended Rate					Company Present Rate	Staff Recommended Rate	
1	Residential 5/8 x 3/4 -inch	18.40	14.00	11.25		999999	3	4.4500	4.7510	3.9300
2						999999	10	4.4500	5.7010	5.8770
3						999999	999999	4.4500	6.8410	7.0560
4	Residential 1-inch	46.00	35.00	28.13		999999	20	4.4500	5.7010	5.8770
5						999999	999999	4.4500	6.8410	7.0560
6	Residential 2-inch	136.16	112.00	90.00		999999	65	4.4500	5.7010	5.8770
7						999999	999999	4.4500	6.8410	7.0560
8	Residential 3-inch	226.88	224.00	180.00		999999	135	4.4500	5.7010	5.8770
9						999999	999999	4.4500	6.8410	7.0560
10	Residential 4-inch	392.84	350.00	281.25		999999	215	4.4500	5.7010	5.8770
11						999999	999999	4.4500	6.8410	7.0560
12	Residential 6-inch	815.30	700.00	562.50		999999	430	4.4500	5.7010	5.8770
13						999999	999999	4.4500	6.8410	7.0560
14	Residential 8-inch	1,091.31	1,120.00	900.00		999999	650	4.4500	5.7010	5.8770
15						999999	999999	4.4500	6.8410	7.0560
16	Residential 10-inch	1,534.75	1,610.00	1,293.75		999999	1,000	4.4500	5.7010	5.8770
17						999999	999999	4.4500	6.8410	7.0560
18	Commercial 1-inch	46.00	35.00	28.13		999999	20	4.4500	5.2030	5.8770
19						999999	999999	4.4500	6.2440	7.0560
20	Commercial 2-inch	136.16	112.00	90.00		999999	65	4.4500	5.2030	5.8770
21						999999	999999	4.4500	6.2440	7.0560
22	Commercial 3-inch	226.88	224.00	180.00		999999	135	4.4500	5.2030	5.8770
23						999999	999999	4.4500	6.2440	7.0560
24	Commercial 4-inch	392.84	350.00	281.25		999999	215	4.4500	5.2030	5.8770
25						999999	999999	4.4500	6.2440	7.0560
26	Commercial 6-inch	815.30	700.00	562.50		999999	430	4.4500	5.2030	5.8770
27						999999	999999	4.4500	6.2440	7.0560
28	Commercial 8-inch	1,091.31	1,120.00	900.00		999999	675	4.4500	5.2030	5.8770
29						999999	999999	4.4500	6.2440	7.0560
30	Commercial 10-inch	1,534.75	2,240.00	1,293.75		999999	1,000	4.4500	5.2030	5.8770
31						999999	999999	4.4500	6.2440	7.0560

(A) [B] [C] [D] [E] [F] [G] [H] [I]

Overgaard

Break-Over Points

Basic Service Charge

Commodity Charge

Overgaard
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,765	\$ 30.70	\$ 27.14	\$ (3.57)	-11.62%
Median Usage	772	\$ 21.84	\$ 17.67	\$ (4.17)	-19.09%
Staff Recommended					
Average Usage	2,765	\$ 30.70	\$ 22.12	\$ (8.59)	-27.97%
Median Usage	772	\$ 21.84	\$ 14.28	\$ (7.55)	-34.58%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 18.40	\$ 14.00	-23.91%	\$ 11.25	-38.86%
1,000	22.85	18.75	-17.94%	15.18	-33.57%
2,000	27.30	23.50	-13.91%	19.11	-30.00%
3,000	31.75	28.25	-11.01%	23.04	-27.43%
4,000	36.20	33.95	-6.20%	28.92	-20.12%
5,000	40.65	39.66	-2.45%	34.79	-14.41%
6,000	45.10	45.36	0.57%	40.67	-9.82%
7,000	49.55	51.06	3.04%	46.55	-6.06%
8,000	54.00	56.76	5.11%	52.43	-2.92%
9,000	58.45	62.46	6.86%	58.30	-0.25%
10,000	62.90	68.16	8.36%	64.18	2.03%
11,000	67.35	75.00	11.36%	71.24	5.77%
12,000	71.80	81.84	13.99%	78.29	9.04%
13,000	76.25	88.68	16.31%	85.35	11.93%
14,000	80.70	95.52	18.37%	92.40	14.50%
15,000	85.15	102.37	20.22%	99.46	16.80%
16,000	89.60	109.21	21.88%	106.52	18.88%
17,000	94.05	116.05	23.39%	113.57	20.76%
18,000	98.50	122.89	24.76%	120.63	22.46%
19,000	102.95	129.73	26.01%	127.68	24.02%
20,000	107.40	136.57	27.16%	134.74	25.46%
25,000	129.65	170.78	31.72%	170.02	31.14%
30,000	151.90	204.98	34.94%	205.30	35.15%
35,000	174.15	239.19	37.34%	240.58	38.14%
40,000	196.40	273.39	39.20%	275.86	40.46%
45,000	218.65	307.60	40.68%	311.14	42.30%
50,000	240.90	341.80	41.88%	346.42	43.80%
75,000	352.15	512.83	45.63%	522.82	48.46%
100,000	463.40	683.85	47.57%	699.22	50.89%

Overgaard
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,765	\$ 30.73	\$ 27.14	\$ (3.60)	-11.70%
Median Usage	772	\$ 21.84	\$ 17.67	\$ (4.18)	-19.12%
Staff Recommended					
Average Usage	2,765	\$ 30.73	\$ 22.12	\$ (8.62)	-28.03%
Median Usage	772	\$ 21.84	\$ 14.28	\$ (7.56)	-34.61%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 18.40	\$ 14.00	-23.91%	\$ 11.25	-38.86%
1,000	22.86	18.75	-17.97%	15.18	-33.60%
2,000	27.32	23.50	-13.98%	19.11	-30.05%
3,000	31.78	28.25	-11.10%	23.04	-27.50%
4,000	36.24	33.95	-6.31%	28.92	-20.21%
5,000	40.70	39.66	-2.57%	34.79	-14.51%
6,000	45.16	45.36	0.43%	40.67	-9.94%
7,000	49.62	51.06	2.90%	46.55	-6.19%
8,000	54.08	56.76	4.95%	52.43	-3.06%
9,000	58.54	62.46	6.69%	58.30	-0.41%
10,000	63.00	68.16	8.19%	64.18	1.87%
11,000	67.46	75.00	11.18%	71.24	5.60%
12,000	71.92	81.84	13.80%	78.29	8.86%
13,000	76.38	88.68	16.11%	85.35	11.74%
14,000	80.84	95.52	18.16%	92.40	14.30%
15,000	85.30	102.37	20.01%	99.46	16.60%
16,000	89.76	109.21	21.66%	106.52	18.67%
17,000	94.22	116.05	23.17%	113.57	20.54%
18,000	98.68	122.89	24.53%	120.63	22.24%
19,000	103.14	129.73	25.78%	127.68	23.80%
20,000	107.60	136.57	26.92%	134.74	25.22%
25,000	129.90	170.78	31.47%	170.02	30.88%
30,000	152.20	204.98	34.68%	205.30	34.89%
35,000	174.50	239.19	37.07%	240.58	37.87%
40,000	196.80	273.39	38.92%	275.86	40.17%
45,000	219.10	307.60	40.39%	311.14	42.01%
50,000	241.40	341.80	41.59%	346.42	43.50%
75,000	352.90	512.83	45.32%	522.82	48.15%
100,000	464.40	683.85	47.25%	699.22	50.56%

ARIZONA WATER COMPANY
NORTHERN GROUP:
SEDONA

Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	\$ 15.70	\$ 22.31	\$ 17.00	Tier One Breakover (M Gal): 999999	3	3	\$ 1,660.00	\$ 2,074.00	\$ 1,700.00
2					Tier Two Breakover (M Gal): 999999	10	10	1,660.00	2,563.00	3,138.00
3					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
4	Residential 1-inch	33.28	55.78	42.50	Tier One Breakover (M Gal): 999999	10	40	1,660.00	2,593.00	3,138.00
5					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
6					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
7	Residential 2-inch	97.18	178.48	136.00	Tier One Breakover (M Gal): 999999	125	125	1,660.00	2,593.00	3,138.00
8					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
9					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
10	Residential 3-inch	174.58	358.96	272.00	Tier One Breakover (M Gal): 999999	325	290	1,660.00	2,593.00	3,138.00
11					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
12					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
13	Residential 4-inch	309.92	557.75	425.00	Tier One Breakover (M Gal): 999999	500	450	1,660.00	2,593.00	3,138.00
14					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
15					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
16	Residential 6-inch	691.42	1,115.50	850.00	Tier One Breakover (M Gal): 999999	925	900	1,660.00	2,593.00	3,138.00
17					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
18					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
19	Residential 8-inch	826.92	1,784.80	1,360.00	Tier One Breakover (M Gal): 999999	1500	1500	1,660.00	2,593.00	3,138.00
20					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
21					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
22	Residential 10-inch	1,350.51	2,565.65	1,955.00	Tier One Breakover (M Gal): 999999	3000	2200	1,660.00	2,593.00	3,138.00
23					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
24					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
25	Commercial 5/8 x 3/4 -inch	15.70	22.31	17.00	Tier One Breakover (M Gal): 999999	10	10	1,660.00	2,593.00	3,138.00
26					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
27					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
28	Commercial 1-inch	33.28	55.78	42.50	Tier One Breakover (M Gal): 999999	40	40	1,660.00	2,593.00	3,138.00
29					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
30					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
31	Commercial 2-inch	97.18	178.48	136.00	Tier One Breakover (M Gal): 999999	125	125	1,660.00	2,593.00	3,138.00
32					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
33					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
34	Commercial 3-inch	174.58	358.96	272.00	Tier One Breakover (M Gal): 999999	325	290	1,660.00	2,593.00	3,138.00
35					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
36					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
37	Commercial 4-inch	309.92	557.75	425.00	Tier One Breakover (M Gal): 999999	500	450	1,660.00	2,593.00	3,138.00
38					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
39					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
40	Commercial 6-inch	691.42	1,115.50	850.00	Tier One Breakover (M Gal): 999999	925	900	1,660.00	2,593.00	3,138.00
41					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
42					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
43	Commercial 8-inch	826.92	1,784.80	1,360.00	Tier One Breakover (M Gal): 999999	1500	1500	1,660.00	2,593.00	3,138.00
44					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
45					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a
46	Commercial 10-inch	1,350.51	2,565.65	1,955.00	Tier One Breakover (M Gal): 999999	3000	2200	1,660.00	2,593.00	3,138.00
47					Tier Two Breakover (M Gal): 999999	999999	999999	1,660.00	3,241.00	3,932.00
48					Tier Three Breakover (M Gal): 999999	999999	999999	1,660.00	n/a	n/a

Sedona - Consolidated

(A) (B) (C) (D) (E) (F) (G) (H) (I)

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge			
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate		
1	Industrial 5/8 x 3/4 -inch	\$ 15.70	\$ 22.31	\$ 17.00		\$ 1.6600	\$ 1.9200	\$ 3.1380	
2					10	999999	999999		3.9320
3					40	999999	999999	n/a	n/a
4	Industrial 1-inch	33.28	55.78	42.50		1.6600	1.9200	3.1380	
5					40	999999	999999	n/a	n/a
6	Industrial 2-inch	97.18	178.48	136.00		1.6600	1.9200	3.1380	
7					125	999999	999999	n/a	n/a
8					230	999999	999999	n/a	n/a
9	Industrial 3-inch	174.58	356.96	272.00		1.6600	1.9200	3.1380	
10					230	999999	999999	n/a	n/a
11					450	999999	999999	n/a	n/a
12	Industrial 4-inch	309.92	557.75	425.00		1.6600	1.9200	3.1380	
13					450	999999	999999	n/a	n/a
14					900	999999	999999	n/a	n/a
15	Industrial 6-inch	591.42	1,115.50	850.00		1.6600	1.9200	3.1380	
16					900	999999	999999	n/a	n/a
17					1,500	999999	999999	n/a	n/a
18	Industrial 8-inch	826.92	1,784.80	1,360.00		1.6600	1.9200	3.1380	
19					1,500	999999	999999	n/a	n/a
20					2,200	999999	999999	n/a	n/a
21	Industrial 10-inch	1,350.51	2,565.65	1,955.00		1.6600	1.9200	3.1380	
22					2,200	999999	999999	n/a	n/a
23					999999	999999	999999	n/a	n/a
24	Private Fire Service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
25	5/8-inch service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
26	1-inch service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
27	2-inch service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
28	3-inch service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
29	4-inch service	5.00	25.00	10.00		n/a	n/a	n/a	n/a
30	6-inch service	5.91	25.00	17.00		n/a	n/a	n/a	n/a
31	8-inch service	8.27	25.00	27.20		n/a	n/a	n/a	n/a
32	10-inch service	13.51	25.00	39.10		n/a	n/a	n/a	n/a
33	Other Water Revenues								
34	Public Fire Hydrant	n/a	n/a	n/a		n/a	n/a	n/a	n/a
35	Coin Machine	n/a	n/a	n/a		n/a	n/a	n/a	n/a
36	Construction Water (2-inch)	97.18	178.48	-		123.00	87,821.8	72.57	
37					125	999999	999999	2.5930	3.9320
38					999999	999999	999999	1.6600	3.9320
39					999999	999999	999999	1.6600	n/a
40	Construction Water (3-inch)	174.58	356.96	-		999999	999999	2.5930	3.9320
41					325	999999	999999	1.6600	3.9320
42					999999	999999	999999	1.6600	3.9320
43	Construction Water (4-inch)	309.92	557.75	-		999999	999999	2.5930	3.9320
44					500	999999	999999	1.6600	3.9320
45					999999	999999	999999	1.6600	3.9320
46	Sales for Resale (2-inch)	n/a	178.48	-		999999	999999	2.5930	3.9320
47					999999	999999	999999	n/a	n/a
48					999999	999999	999999	n/a	n/a
49	Sales for Resale (3-inch)	n/a	356.96	-		999999	999999	2.5930	3.9320
50					999999	999999	999999	n/a	n/a
51					999999	999999	999999	n/a	n/a
52	Sales for Resale (6-inch)	n/a	1,115.50	-		999999	999999	2.5930	3.9320
53					999999	999999	999999	n/a	n/a

**Sedona - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	10,264	\$ 32.74	\$ 47.54	\$ 14.80	45.21%
Median Usage	6,910	\$ 27.17	\$ 38.67	\$ 11.50	42.33%
Staff Recommended					
Average Usage	10,264	\$ 32.74	\$ 45.10	\$ 12.37	37.77%
Median Usage	6,910	\$ 27.17	\$ 34.37	\$ 7.20	26.50%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.70	\$ 22.31	42.10%	\$ 17.00	8.28%
1,000	17.36	24.38	40.46%	18.70	7.72%
2,000	19.02	26.46	39.11%	20.40	7.26%
3,000	20.68	28.53	37.97%	22.10	6.87%
4,000	22.34	31.13	39.32%	25.24	12.97%
5,000	24.00	33.72	40.49%	28.38	18.23%
6,000	25.66	36.31	41.51%	31.51	22.81%
7,000	27.32	38.90	42.40%	34.65	26.84%
8,000	28.98	41.50	43.19%	37.79	30.40%
9,000	30.64	44.09	43.90%	40.93	33.58%
10,000	32.30	46.68	44.53%	44.07	36.43%
11,000	33.96	49.27	47.01%	48.00	41.34%
12,000	35.62	53.17	49.26%	51.93	45.79%
13,000	37.28	56.41	51.30%	55.86	49.84%
14,000	38.94	59.65	53.18%	59.79	53.55%
15,000	40.60	62.89	54.90%	63.73	56.96%
16,000	42.26	66.13	56.48%	67.66	60.10%
17,000	43.92	69.37	57.95%	71.59	63.00%
18,000	45.58	72.61	59.30%	75.52	65.69%
19,000	47.24	75.85	60.57%	79.45	68.19%
20,000	48.90	79.09	61.74%	83.39	70.52%
25,000	57.20	95.30	66.80%	103.05	80.15%
30,000	65.50	111.50	70.23%	122.71	87.34%
35,000	73.80	127.71	73.05%	142.37	92.91%
40,000	82.10	143.91	75.29%	162.03	97.35%
45,000	90.40	160.12	77.12%	181.69	100.98%
50,000	98.70	176.32	78.65%	201.35	104.00%
75,000	140.20	257.35	83.56%	299.65	113.73%
100,000	181.70	338.37	86.23%	397.95	119.01%

Sedona - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	10,264	\$ 36.42	\$ 47.54	\$ 11.11	30.51%
Median Usage	6,910	\$ 30.28	\$ 38.67	\$ 8.39	27.70%
Staff Recommended					
Average Usage	10,264	\$ 36.42	\$ 45.10	\$ 8.68	23.83%
Median Usage	6,910	\$ 30.28	\$ 34.37	\$ 4.09	13.50%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 17.63	\$ 22.31	26.55%	\$ 17.00	-3.57%
1,000	19.46	24.38	25.30%	18.70	-3.91%
2,000	21.29	26.46	24.26%	20.40	-4.19%
3,000	23.12	28.53	23.39%	22.10	-4.43%
4,000	24.95	31.13	24.73%	25.24	1.14%
5,000	26.79	33.72	25.88%	28.38	5.94%
6,000	28.62	36.31	26.89%	31.51	10.12%
7,000	30.45	38.90	27.77%	34.65	13.81%
8,000	32.28	41.50	28.56%	37.79	17.07%
9,000	34.11	44.09	29.26%	40.93	19.99%
10,000	35.94	46.68	29.89%	44.07	22.61%
11,000	37.77	49.92	32.17%	48.00	27.07%
12,000	39.60	53.17	34.24%	51.93	31.13%
13,000	41.43	56.41	36.13%	55.86	34.82%
14,000	43.27	59.65	37.86%	59.79	38.20%
15,000	45.10	62.89	39.45%	63.73	41.31%
16,000	46.93	66.13	40.92%	67.66	44.18%
17,000	48.76	69.37	42.27%	71.59	46.83%
18,000	50.59	72.61	43.53%	75.52	49.28%
19,000	52.42	75.85	44.70%	79.45	51.57%
20,000	54.25	79.09	45.79%	83.39	53.70%
25,000	63.41	95.30	50.29%	103.05	62.51%
30,000	72.56	111.50	53.66%	122.71	69.10%
35,000	81.72	127.71	56.28%	142.37	74.22%
40,000	90.87	143.91	58.37%	162.03	78.30%
45,000	100.03	160.12	60.07%	181.69	81.63%
50,000	109.19	176.32	61.49%	201.35	84.41%
75,000	154.96	257.35	66.07%	299.65	93.37%
100,000	200.74	338.37	68.56%	397.95	98.24%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	
1	Residential 5/8 x 3/4 -inch	\$ 15.70	\$ 22.31	18.25	3	1.6600	\$ 2,074.00	\$ 1,712.00
2					10	1.6600	2,593.00	2,560.00
3					999999	1.6600	3,241.00	3,074.00
4	Residential 1-inch	33.28	55.78	45.63	10	1.6600	2,593.00	2,560.00
5					999999	1.6600	3,241.00	3,074.00
6	Residential 2-inch	97.18	178.48	146.00	125	1.6600	2,593.00	2,560.00
7					999999	1.6600	3,241.00	3,074.00
8	Residential 3-inch	174.58	356.96	292.00	325	1.6600	2,593.00	2,560.00
9					999999	1.6600	3,241.00	3,074.00
10	Residential 4-inch	309.92	557.75	456.25	500	1.6600	2,593.00	2,560.00
11					999999	1.6600	3,241.00	3,074.00
12	Residential 6-inch	591.42	1,115.50	912.50	925	1.6600	2,593.00	2,560.00
13					999999	1.6600	3,241.00	3,074.00
14	Residential 8-inch	828.92	1,784.80	1,480.00	1,500	1.6600	2,593.00	2,560.00
15					999999	1.6600	3,241.00	3,074.00
16	Residential 10-inch	1,350.51	2,565.65	2,088.75	3,000	1.6600	2,593.00	2,560.00
17					999999	1.6600	3,241.00	3,074.00
18	Commercial 5/8 x 3/4 -inch	15.70	22.31	18.25	10	1.6600	2,593.00	2,560.00
19					999999	1.6600	3,241.00	3,074.00
20	Commercial 1-inch	33.28	55.78	45.63	40	1.6600	2,593.00	2,560.00
21					999999	1.6600	3,241.00	3,074.00
22	Commercial 2-inch	97.18	178.48	146.00	125	1.6600	2,593.00	2,560.00
23					999999	1.6600	3,241.00	3,074.00
24	Commercial 3-inch	174.58	356.96	292.00	325	1.6600	2,593.00	2,560.00
25					999999	1.6600	3,241.00	3,074.00
26	Commercial 4-inch	309.92	557.75	456.25	500	1.6600	2,593.00	2,560.00
27					999999	1.6600	3,241.00	3,074.00
28	Commercial 6-inch	591.42	1,115.50	912.50	925	1.6600	2,593.00	2,560.00
29					999999	1.6600	3,241.00	3,074.00
30	Commercial 8-inch	828.92	1,784.80	1,480.00	1,500	1.6600	2,593.00	2,560.00
31					999999	1.6600	3,241.00	3,074.00
32	Commercial 10-inch	1,350.51	2,565.65	2,088.75	3,000	1.6600	2,593.00	2,560.00
33					999999	1.6600	3,241.00	3,074.00
34					999999	1.6600	n/a	n/a
35					999999	1.6600	n/a	n/a
36					999999	1.6600	n/a	n/a
37					999999	1.6600	n/a	n/a
38					999999	1.6600	n/a	n/a
39					999999	1.6600	n/a	n/a
40					999999	1.6600	n/a	n/a
41					999999	1.6600	n/a	n/a
42					999999	1.6600	n/a	n/a
43					999999	1.6600	n/a	n/a
44					999999	1.6600	n/a	n/a
45					999999	1.6600	n/a	n/a
46					999999	1.6600	n/a	n/a
47					999999	1.6600	n/a	n/a
48					999999	1.6600	n/a	n/a

Sedona

[A] [B] [C] [D] [E] [F] [G] [H] [I]

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	
1	Industrial 5/8 x 3/4 -inch	\$ 15.70	\$ 18.25	999999	999999	\$ 1.6600	\$ 1.9200	\$ 2.5600
2				999999	999999	1.6600	1.9200	3.0740
3				999999	999999	1.6600	n/a	n/a
4	Industrial 1-inch	33.28	45.63	999999	999999	1.6600	1.9200	2.5600
5				999999	999999	1.6600	1.9200	3.0740
6				999999	999999	1.6600	n/a	n/a
7	Industrial 2-inch	97.18	146.00	999999	999999	1.6600	1.9200	2.5600
8				999999	999999	1.6600	1.9200	3.0740
9				999999	999999	1.6600	n/a	n/a
10	Industrial 3-inch	174.58	292.00	999999	999999	1.6600	1.9200	2.5600
11				999999	999999	1.6600	1.9200	3.0740
12				999999	999999	1.6600	n/a	n/a
13	Industrial 4-inch	309.92	456.25	999999	999999	1.6600	1.9200	2.5600
14				999999	999999	1.6600	1.9200	3.0740
15				999999	999999	1.6600	n/a	n/a
16	Industrial 6-inch	591.42	912.50	999999	999999	1.6600	1.9200	2.5600
17				999999	999999	1.6600	1.9200	3.0740
18				999999	999999	1.6600	n/a	n/a
19	Industrial 8-inch	826.92	1,460.00	999999	999999	1.6600	1.9200	2.5600
20				999999	999999	1.6600	1.9200	3.0740
21				999999	999999	1.6600	n/a	n/a
22	Industrial 10-inch	1,350.51	2,098.75	999999	999999	1.6600	1.9200	2.5600
23				999999	999999	1.6600	1.9200	3.0740
24				999999	999999	1.6600	n/a	n/a
25	Private Fire Service	5.00	10.00			n/a	n/a	n/a
26	5/8-inch service	5.00	10.00			n/a	n/a	n/a
27	1-inch service	5.00	10.00			n/a	n/a	n/a
28	2-inch service	5.00	10.00			n/a	n/a	n/a
29	3-inch service	5.00	10.00			n/a	n/a	n/a
30	4-inch service	5.91	18.25			n/a	n/a	n/a
31	6-inch service	8.27	29.20			n/a	n/a	n/a
32	8-inch service	13.51	41.98			n/a	n/a	n/a
33	10-inch service					n/a	n/a	n/a
34	Other Water Revenues							
35	Public Fire Hydrant	n/a	n/a			n/a	n/a	n/a
36	Coin Machine	n/a	n/a			n/a	n/a	n/a
37	Construction Water (2-inch)	97.18	178.48	999999	999999	1.6600	1.9200	2.5600
38				999999	999999	1.6600	3.2410	3.0740
39	Construction Water (3-inch)	174.58	356.96	999999	999999	1.6600	n/a	n/a
40				999999	999999	1.6600	3.2410	3.0740
41	Construction Water (4-inch)	309.92	557.75	999999	999999	1.6600	n/a	n/a
42				999999	999999	1.6600	3.2410	3.0740
43	Sales for Resale (2-inch)	n/a	178.48	n/a	n/a	n/a	n/a	n/a
44				n/a	n/a	n/a	n/a	n/a
45	Sales for Resale (3-inch)	n/a	356.96	n/a	n/a	n/a	n/a	n/a
46				n/a	n/a	n/a	n/a	n/a
47	Sales for Resale (6-inch)	n/a	1,115.50	n/a	n/a	n/a	n/a	n/a
48				n/a	n/a	n/a	n/a	n/a
49				n/a	n/a	n/a	n/a	n/a
50				n/a	n/a	n/a	n/a	n/a
51				n/a	n/a	n/a	n/a	n/a
52				n/a	n/a	n/a	n/a	n/a
53				n/a	n/a	n/a	n/a	n/a

[A] [B] [C] [D] [E] [F] [G] [H] [I]

Sedona

Sedona
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	10,264	\$ 32.74	\$ 47.54	\$ 14.80	45.21%
Median Usage	6,910	\$ 27.17	\$ 38.67	\$ 11.50	42.33%
Staff Recommended					
Average Usage	10,264	\$ 32.74	\$ 42.12	\$ 9.38	28.65%
Median Usage	6,910	\$ 27.17	\$ 33.40	\$ 6.23	22.91%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.70	\$ 22.31	42.10%	\$ 18.25	16.24%
1,000	17.36	24.38	40.46%	19.96	14.99%
2,000	19.02	26.46	39.11%	21.67	13.95%
3,000	20.68	28.53	37.97%	23.39	13.09%
4,000	22.34	31.13	39.32%	25.95	16.14%
5,000	24.00	33.72	40.49%	28.51	18.78%
6,000	25.66	36.31	41.51%	31.07	21.07%
7,000	27.32	38.90	42.40%	33.63	23.08%
8,000	28.98	41.50	43.19%	36.19	24.87%
9,000	30.64	44.09	43.90%	38.75	26.46%
10,000	32.30	46.68	44.53%	41.31	27.88%
11,000	33.96	49.27	47.01%	44.38	30.68%
12,000	35.62	53.17	49.26%	47.45	33.22%
13,000	37.28	56.41	51.30%	50.53	35.54%
14,000	38.94	59.65	53.18%	53.60	37.65%
15,000	40.60	62.89	54.90%	56.68	39.60%
16,000	42.26	66.13	56.48%	59.75	41.39%
17,000	43.92	69.37	57.95%	62.82	43.04%
18,000	45.58	72.61	59.30%	65.90	44.58%
19,000	47.24	75.85	60.57%	68.97	46.00%
20,000	48.90	79.09	61.74%	72.05	47.33%
25,000	57.20	95.30	66.80%	87.42	52.83%
30,000	65.50	111.50	70.23%	102.79	56.93%
35,000	73.80	127.71	73.05%	118.16	60.10%
40,000	82.10	143.91	75.29%	133.53	62.64%
45,000	90.40	160.12	77.12%	148.90	64.71%
50,000	98.70	176.32	78.65%	164.27	66.43%
75,000	140.20	257.35	83.56%	241.12	71.98%
100,000	181.70	338.37	86.23%	317.97	75.00%

Sedona
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	10,264	\$ 36.42	\$ 47.54	\$ 11.11	30.51%
Median Usage	6,910	\$ 30.28	\$ 38.67	\$ 8.39	27.70%
Staff Recommended					
Average Usage	10,264	\$ 36.42	\$ 42.12	\$ 5.69	15.63%
Median Usage	6,910	\$ 30.28	\$ 33.40	\$ 3.11	10.28%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 17.63	\$ 22.31	26.55%	\$ 18.25	3.52%
1,000	19.46	24.38	25.30%	19.96	2.57%
2,000	21.29	26.46	24.26%	21.67	1.79%
3,000	23.12	28.53	23.39%	23.39	1.14%
4,000	24.95	31.13	24.73%	25.95	3.97%
5,000	26.79	33.72	25.88%	28.51	6.42%
6,000	28.62	36.31	26.89%	31.07	8.56%
7,000	30.45	38.90	27.77%	33.63	10.44%
8,000	32.28	41.50	28.56%	36.19	12.10%
9,000	34.11	44.09	29.26%	38.75	13.59%
10,000	35.94	46.68	29.89%	41.31	14.93%
11,000	37.77	49.27	32.17%	44.38	17.49%
12,000	39.60	53.17	34.24%	47.45	19.82%
13,000	41.43	56.41	36.13%	50.53	21.95%
14,000	43.27	59.65	37.86%	53.60	23.89%
15,000	45.10	62.89	39.45%	56.68	25.68%
16,000	46.93	66.13	40.92%	59.75	27.32%
17,000	48.76	69.37	42.27%	62.82	28.85%
18,000	50.59	72.61	43.53%	65.90	30.26%
19,000	52.42	75.85	44.70%	68.97	31.57%
20,000	54.25	79.09	45.79%	72.05	32.80%
25,000	63.41	95.30	50.29%	87.42	37.86%
30,000	72.56	111.50	53.66%	102.79	41.65%
35,000	81.72	127.71	56.28%	118.16	44.59%
40,000	90.87	143.91	58.37%	133.53	48.94%
45,000	100.03	160.12	60.07%	148.90	48.85%
50,000	109.19	176.32	61.49%	164.27	50.45%
75,000	154.96	257.35	66.07%	241.12	55.60%
100,000	200.74	338.37	68.56%	317.97	58.40%

ARIZONA WATER COMPANY
NORTHERN GROUP:
PINEWOOD

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge		
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	
1	Industrial 5/8 x 3/4 -inch	\$ 19.86	\$ 21.00	17.00	10	\$ 3,690.00	\$ 3,500.00	3,138.00
2					999999			3,690.00
3					999999			3,690.00
4	Industrial 1-inch	42.10	52.50	42.50	40	3,690.00	3,500.00	3,138.00
5					999999			3,690.00
6	Industrial 2-inch	122.93	166.00	136.00	125	3,690.00	3,500.00	3,138.00
7					999999			3,690.00
8					999999			3,690.00
9					999999			3,690.00
10	Industrial 3-inch	220.84	336.00	272.00	290	3,690.00	3,500.00	3,138.00
11					999999			3,690.00
12					999999			3,690.00
13	Industrial 4-inch	382.03	525.00	425.00	450	3,690.00	3,500.00	3,138.00
14					999999			3,690.00
15	Industrial 6-inch	748.12	1,050.00	850.00	900	3,690.00	3,500.00	3,138.00
16					999999			3,690.00
17					999999			3,690.00
18					999999			3,690.00
19	Industrial 8-inch	1,046.02	1,680.00	1,360.00	1,500	3,690.00	3,500.00	3,138.00
20					999999			3,690.00
21					999999			3,690.00
22	Industrial 10-inch	1,708.36	2,415.00	1,965.00	2,200	3,690.00	3,500.00	3,138.00
23					999999			3,690.00
24					999999			3,690.00
25	Private Fire Service 5/8-inch service	5.00	25.00	10.00		n/a	n/a	n/a
26	1-inch service	5.00	25.00	10.00		n/a	n/a	n/a
27	2-inch service	5.00	25.00	10.00		n/a	n/a	n/a
28	3-inch service	5.00	25.00	10.00		n/a	n/a	n/a
29	4-inch service	5.00	25.00	10.00		n/a	n/a	n/a
30	6-inch service	7.48	25.00	17.00		n/a	n/a	n/a
31	8-inch service	10.46	25.00	27.20		n/a	n/a	n/a
32	10-inch service	17.08	25.00	39.10		n/a	n/a	n/a
33	Other Water Revenues							
34	Public Fire Hydrant	n/a	n/a	n/a		n/a	n/a	n/a
35	Coin Machine	n/a	n/a	n/a		n/a	n/a	n/a
36	Construction Water (2-inch)	122.93	178.48	-	125	3,690.00	4,091.30	3,932.00
37					999999			3,690.00
38	Construction Water (3-inch)	220.84	356.96	-	325	3,690.00	5,114.10	3,932.00
39					999999			3,690.00
40	Construction Water (4-inch)	382.03	557.75	-	500	3,690.00	5,114.10	3,932.00
41					999999			3,690.00
42	Sales for Resale (2-inch)	n/a	178.48	-	999999			3,690.00
43					999999			3,690.00
44	Sales for Resale (3-inch)	n/a	356.96	-	999999			3,690.00
45					999999			3,690.00
46	Sales for Resale (6-inch)	n/a	1,115.50	-	999999			3,690.00
47					999999			3,690.00
48					999999			3,690.00
49					999999			3,690.00
50					999999			3,690.00
51					999999			3,690.00
52					999999			3,690.00
53					999999			3,690.00

**Pinewood - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,407	\$ 28.74	\$ 30.19	\$ 1.45	5.03%
Median Usage	536	\$ 21.84	\$ 24.06	\$ 2.23	10.20%
Staff Recommended					
Average Usage	2,407	\$ 28.74	\$ 21.09	\$ (7.65)	-26.62%
Median Usage	536	\$ 21.84	\$ 17.91	\$ (3.93)	-17.98%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 19.86	\$ 22.31	12.34%	\$ 17.00	-14.40%
1,000	23.55	25.58	8.63%	18.70	-20.59%
2,000	27.24	28.86	5.93%	20.40	-25.11%
3,000	30.93	32.13	3.88%	22.10	-28.55%
4,000	34.62	36.22	4.62%	25.24	-27.10%
5,000	38.31	40.31	5.22%	28.38	-25.93%
6,000	42.00	44.40	5.72%	31.51	-24.97%
7,000	45.69	48.49	6.14%	34.65	-24.16%
8,000	49.38	52.59	6.49%	37.79	-23.47%
9,000	53.07	56.68	6.80%	40.93	-22.88%
10,000	56.76	60.77	7.06%	44.07	-22.36%
11,000	60.45	65.88	8.99%	48.00	-20.60%
12,000	64.14	71.00	10.69%	51.93	-19.04%
13,000	67.83	76.11	12.21%	55.86	-17.64%
14,000	71.52	81.22	13.57%	59.79	-16.40%
15,000	75.21	86.34	14.80%	63.73	-15.27%
16,000	78.90	91.45	15.91%	67.66	-14.25%
17,000	82.59	96.57	16.92%	71.59	-13.32%
18,000	86.28	101.68	17.85%	75.52	-12.47%
19,000	89.97	106.79	18.70%	79.45	-11.69%
20,000	93.66	111.91	19.48%	83.39	-10.97%
25,000	112.11	137.48	22.63%	103.05	-8.08%
30,000	130.56	163.05	24.88%	122.71	-6.02%
35,000	149.01	188.62	26.58%	142.37	-4.46%
40,000	167.46	214.19	27.90%	162.03	-3.24%
45,000	185.91	239.76	28.97%	181.69	-2.27%
50,000	204.36	265.33	29.83%	201.35	-1.47%
75,000	296.61	393.18	32.56%	299.65	1.02%
100,000	388.86	521.03	33.99%	397.95	2.34%

Pinewood - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,407	\$ 28.93	\$ 30.19	\$ 1.25	4.33%
Median Usage	536	\$ 21.88	\$ 24.06	\$ 2.18	9.98%
Staff Recommended					
Average Usage	2,407	\$ 28.93	\$ 21.09	\$ (7.84)	-27.10%
Median Usage	536	\$ 21.88	\$ 17.91	\$ (3.97)	-18.14%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 19.86	\$ 22.31	12.34%	\$ 17.00	-14.40%
1,000	23.63	25.58	8.26%	18.70	-20.86%
2,000	27.40	28.86	5.31%	20.40	-25.55%
3,000	31.17	32.13	3.08%	22.10	-29.10%
4,000	34.94	36.22	3.66%	25.24	-27.77%
5,000	38.71	40.31	4.14%	28.38	-26.70%
6,000	42.48	44.40	4.53%	31.51	-25.81%
7,000	46.25	48.49	4.85%	34.65	-25.08%
8,000	50.02	52.59	5.13%	37.79	-24.45%
9,000	53.79	56.68	5.37%	40.93	-23.91%
10,000	57.56	60.77	5.57%	44.07	-23.44%
11,000	61.33	65.88	7.42%	48.00	-21.74%
12,000	65.10	71.00	9.06%	51.93	-20.23%
13,000	68.87	76.11	10.51%	55.86	-18.89%
14,000	72.64	81.22	11.82%	59.79	-17.68%
15,000	76.41	86.34	12.99%	63.73	-16.60%
16,000	80.18	91.45	14.06%	67.66	-15.62%
17,000	83.95	96.57	15.03%	71.59	-14.72%
18,000	87.72	101.68	15.91%	75.52	-13.91%
19,000	91.49	106.79	16.73%	79.45	-13.16%
20,000	95.26	111.91	17.48%	83.39	-12.46%
25,000	114.11	137.48	20.48%	103.05	-9.70%
30,000	132.96	163.05	22.63%	122.71	-7.71%
35,000	151.81	188.62	24.25%	142.37	-6.22%
40,000	170.66	214.19	25.51%	162.03	-5.06%
45,000	189.51	239.76	26.52%	181.69	-4.13%
50,000	208.36	265.33	27.34%	201.35	-3.37%
75,000	302.61	393.18	29.93%	299.65	-0.98%
100,000	396.86	521.03	31.29%	397.95	0.27%

Pinewood
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,407	\$ 28.74	\$ 30.19	\$ 1.45	5.03%
Median Usage	536	\$ 21.84	\$ 24.06	\$ 2.23	10.20%
Staff Recommended					
Average Usage	2,407	\$ 28.74	\$ 25.90	\$ (2.84)	-9.89%
Median Usage	536	\$ 21.84	\$ 17.82	\$ (4.02)	-18.42%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 19.86	\$ 22.31	12.34%	\$ 15.50	-21.95%
1,000	23.55	25.58	8.63%	19.82	-15.84%
2,000	27.24	28.86	5.93%	24.14	-11.38%
3,000	30.93	32.13	3.88%	28.46	-7.99%
4,000	34.62	36.22	4.62%	34.93	0.90%
5,000	38.31	40.31	5.22%	41.40	8.07%
6,000	42.00	44.40	5.72%	47.87	13.98%
7,000	45.69	48.49	6.14%	54.34	18.93%
8,000	49.38	52.59	6.49%	60.81	23.15%
9,000	53.07	56.68	6.80%	67.28	26.78%
10,000	56.76	60.77	7.06%	73.75	29.93%
11,000	60.45	65.88	8.99%	81.54	34.89%
12,000	64.14	71.00	10.69%	89.33	39.28%
13,000	67.83	76.11	12.21%	97.12	43.19%
14,000	71.52	81.22	13.57%	104.91	46.69%
15,000	75.21	86.34	14.80%	112.71	49.85%
16,000	78.90	91.45	15.91%	120.50	52.72%
17,000	82.59	96.57	16.92%	128.29	55.33%
18,000	86.28	101.68	17.85%	136.08	57.72%
19,000	89.97	106.79	18.70%	143.87	59.91%
20,000	93.66	111.91	19.48%	151.66	61.93%
25,000	112.11	137.48	22.63%	190.62	70.02%
30,000	130.56	163.05	24.88%	229.57	75.83%
35,000	149.01	188.62	26.58%	268.53	80.21%
40,000	167.46	214.19	27.90%	307.48	83.61%
45,000	185.91	239.76	28.97%	346.44	86.35%
50,000	204.36	265.33	29.83%	385.39	88.58%
75,000	296.61	393.18	32.56%	580.17	95.60%
100,000	388.86	521.03	33.99%	774.94	99.29%

Pinewood
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	2,407	\$ 28.93	\$ 30.19	\$ 1.25	4.33%
Median Usage	536	\$ 21.88	\$ 24.06	\$ 2.18	9.98%
Staff Recommended					
Average Usage	2,407	\$ 28.93	\$ 25.90	\$ (3.04)	-10.49%
Median Usage	536	\$ 21.88	\$ 17.82	\$ (4.07)	-18.58%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed		Staff Recommended	
		Rates	% Increase	Rates	% Increase
-	\$ 19.86	\$ 22.31	12.34%	\$ 15.50	-21.95%
1,000	23.63	25.58	8.26%	19.82	-16.12%
2,000	27.40	28.86	5.31%	24.14	-11.90%
3,000	31.17	32.13	3.08%	28.46	-8.69%
4,000	34.94	36.22	3.66%	34.93	-0.03%
5,000	38.71	40.31	4.14%	41.40	6.95%
6,000	42.48	44.40	4.53%	47.87	12.69%
7,000	46.25	48.49	4.85%	54.34	17.49%
8,000	50.02	52.59	5.13%	60.81	21.57%
9,000	53.79	56.68	5.37%	67.28	25.08%
10,000	57.56	60.77	5.57%	73.75	28.13%
11,000	61.33	65.88	7.42%	81.54	32.95%
12,000	65.10	71.00	9.06%	89.33	37.22%
13,000	68.87	76.11	10.51%	97.12	41.02%
14,000	72.64	81.22	11.82%	104.91	44.43%
15,000	76.41	86.34	12.99%	112.71	47.50%
16,000	80.18	91.45	14.06%	120.50	50.28%
17,000	83.95	96.57	15.03%	128.29	52.81%
18,000	87.72	101.68	15.91%	136.08	55.13%
19,000	91.49	106.79	16.73%	143.87	57.25%
20,000	95.26	111.91	17.48%	151.66	59.21%
25,000	114.11	137.48	20.48%	190.62	67.04%
30,000	132.96	163.05	22.63%	229.57	72.66%
35,000	151.81	188.62	24.25%	268.53	76.88%
40,000	170.66	214.19	25.51%	307.48	80.17%
45,000	189.51	239.76	26.52%	346.44	82.81%
50,000	208.36	265.33	27.34%	385.39	84.96%
75,000	302.61	393.18	29.93%	580.17	91.72%
100,000	396.86	521.03	31.29%	774.94	95.27%

ARIZONA WATER COMPANY
NORTHERN GROUP:
RIMROCK

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Proposed Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	\$ 16.10	\$ 22.31	17.00		\$ 2,500	\$ 3,2730
2						2,500	4,0913
3						2,500	5,1141
4	Residential 1-inch	34.13	55.78	42.50		2,500	4,0913
5						2,500	5,1141
6	Residential 2-inch	99.66	178.48	136.00		2,500	n/a
7						2,500	4,0913
8						2,500	5,1141
9	Residential 3-inch	179.03	356.96	272.00		2,500	n/a
10						2,500	4,0913
11						2,500	5,1141
12	Residential 4-inch	317.81	557.75	425.00		2,500	n/a
13						2,500	4,0913
14						2,500	5,1141
15	Residential 6-inch	606.48	1,115.50	850.00		2,500	n/a
16						2,500	4,0913
17						2,500	5,1141
18	Residential 8-inch	847.98	1,784.80	1,360.00		2,500	n/a
19						2,500	4,0913
20						2,500	5,1141
21	Residential 10-inch	1,384.92	2,565.65	1,955.00		2,500	n/a
22						2,500	4,0913
23						2,500	5,1141
24	Commercial 5/8 x 3/4 -inch	16.10	22.31	17.00		2,500	n/a
25						2,500	4,0913
26						2,500	5,1141
27	Commercial 1-inch	34.13	55.78	42.50		2,500	n/a
28						2,500	4,0913
29						2,500	5,1141
30	Commercial 2-inch	99.66	178.48	136.00		2,500	n/a
31						2,500	4,0913
32						2,500	5,1141
33	Commercial 3-inch	179.03	356.96	272.00		2,500	n/a
34						2,500	4,0913
35						2,500	5,1141
36	Commercial 4-inch	317.81	557.75	425.00		2,500	n/a
37						2,500	4,0913
38						2,500	5,1141
39	Commercial 6-inch	606.48	1,115.50	850.00		2,500	n/a
40						2,500	4,0913
41						2,500	5,1141
42	Commercial 8-inch	847.98	1,784.80	1,360.00		2,500	n/a
43						2,500	4,0913
44						2,500	5,1141
45	Commercial 10-inch	1,384.92	2,565.65	1,955.00		2,500	n/a
46						2,500	4,0913
47						2,500	5,1141
48						2,500	n/a

Rimrock - Consolidated

[A] [B] [C] [D] [E] [F] [G] [H] [I]

Line No.	Customer Class	Basic Service Charge			Company Present Rate	Company Proposed Rate	Company Staff Recommended Rate	Company Present Rate	Company Proposed Rate	Company Staff Recommended Rate	Company Present Rate	Company Proposed Rate	Company Staff Recommended Rate	Commodity Charge
		Company Present Rate	Company Proposed Rate	Company Staff Recommended Rate										
1	Industrial 5/8 x 3/4 -inch	\$ 16.10	\$ 21.00	\$ 17.00										
2														
3														
4	Industrial 1-inch	34.13	52.50	42.50										
5														
6	Industrial 2-inch	99.66	169.00	136.00										
7														
8														
9														
10	Industrial 3-inch	179.03	336.00	272.00										
11														
12														
13	Industrial 4-inch	317.81	525.00	425.00										
14														
15														
16	Industrial 6-inch	606.48	1,050.00	850.00										
17														
18														
19	Industrial 8-inch	847.98	1,680.00	1,360.00										
20														
21														
22	Industrial 10-inch	1,384.92	2,415.00	1,955.00										
23														
24														
25	Private Fire Service	5.00	25.00	10.00										
26	5/8-inch service	5.00	25.00	10.00										
27	1-inch service	5.00	25.00	10.00										
28	2-inch service	5.00	25.00	10.00										
29	3-inch service	5.00	25.00	10.00										
30	4-inch service	5.00	25.00	10.00										
31	6-inch service	6.08	25.00	17.00										
32	8-inch service	8.48	25.00	27.20										
33	10-inch service	13.85	25.00	39.10										
34	Other Water Revenues													
35	Public Fire Hydrant	n/a	n/a	n/a										
36	Coin Machine	n/a	n/a	n/a										
37	Construction Water (2-inch)	99.66	176.48	-										
38														
39	Construction Water (3-inch)	179.03	356.96	-										
40														
41	Construction Water (4-inch)	317.81	557.75	-										
42														
43														
44	Sales for Resale (2-inch)	n/a	176.48	-										
45														
46	Sales for Resale (3-inch)	n/a	356.96	-										
47														
48	Sales for Resale (4-inch)	n/a	1,115.50	-										
49														
50														
51	Sales for Resale (6-inch)	n/a	1,115.50	-										
52														
53														

Rimrock - Consolidated

[A] [B] [C] [D] [E] [F] [G] [H] [I] [J]

**Rimrock - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,165	\$ 31.51	\$ 45.08	\$ 13.57	43.05%
Median Usage	4,128	\$ 26.42	\$ 36.74	\$ 10.32	39.08%
Staff Recommended					
Average Usage	6,165	\$ 31.51	\$ 32.03	\$ 0.52	1.65%
Median Usage	4,128	\$ 26.42	\$ 25.64	\$ (0.78)	-2.95%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.10	\$ 22.31	38.57%	\$ 17.00	5.59%
1,000	18.60	25.58	37.54%	18.70	0.54%
2,000	21.10	28.86	36.76%	20.40	-3.32%
3,000	23.60	32.13	36.14%	22.10	-6.36%
4,000	26.10	36.22	38.77%	25.24	-3.30%
5,000	28.60	40.31	40.95%	28.38	-0.78%
6,000	31.10	44.40	42.77%	31.51	1.33%
7,000	33.60	48.49	44.33%	34.65	3.13%
8,000	36.10	52.59	45.67%	37.79	4.68%
9,000	38.60	56.68	46.83%	40.93	6.03%
10,000	41.10	60.77	47.85%	44.07	7.22%
11,000	43.60	65.88	51.11%	48.00	10.09%
12,000	46.10	71.00	54.00%	51.93	12.65%
13,000	48.60	76.11	56.80%	55.86	14.94%
14,000	51.10	81.22	58.95%	59.79	17.01%
15,000	53.60	86.34	61.08%	63.73	18.89%
16,000	56.10	91.45	63.02%	67.66	20.60%
17,000	58.60	96.57	64.79%	71.59	22.17%
18,000	61.10	101.68	66.42%	75.52	23.80%
19,000	63.60	106.79	67.92%	79.45	24.93%
20,000	66.10	111.91	69.30%	83.39	26.15%
25,000	78.60	137.48	74.91%	103.05	31.10%
30,000	91.10	163.05	78.98%	122.71	34.69%
35,000	103.60	188.62	82.06%	142.37	37.42%
40,000	116.10	214.19	84.49%	162.03	39.56%
45,000	128.60	239.76	86.44%	181.69	41.28%
50,000	141.10	265.33	88.04%	201.35	42.70%
75,000	203.60	393.18	93.11%	299.65	47.17%
100,000	266.10	521.03	95.80%	397.95	49.55%

Rimrock - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,165	\$ 46.40	\$ 45.08	\$ (1.32)	-2.85%
Median Usage	4,128	\$ 38.85	\$ 36.74	\$ (2.10)	-5.41%
Staff Recommended					
Average Usage	6,165	\$ 46.40	\$ 32.03	\$ (14.37)	-30.97%
Median Usage	4,128	\$ 38.85	\$ 25.64	\$ (13.21)	-34.00%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 23.54	\$ 22.31	-5.23%	\$ 17.00	-27.78%
1,000	27.25	25.58	-6.11%	18.70	-31.37%
2,000	30.96	28.86	-6.78%	20.40	-34.10%
3,000	34.66	32.13	-7.31%	22.10	-36.25%
4,000	38.37	36.22	-5.61%	25.24	-34.23%
5,000	42.08	40.31	-4.20%	28.38	-32.57%
6,000	45.79	44.40	-3.03%	31.51	-31.18%
7,000	49.50	48.49	-2.03%	34.65	-29.99%
8,000	53.20	52.59	-1.16%	37.79	-28.97%
9,000	56.91	56.68	-0.42%	40.93	-28.09%
10,000	60.62	60.77	0.24%	44.07	-27.31%
11,000	64.33	65.88	2.41%	48.00	-25.39%
12,000	68.04	71.00	4.35%	51.93	-23.67%
13,000	71.75	76.11	6.08%	55.86	-22.14%
14,000	75.45	81.22	7.65%	59.79	-20.75%
15,000	79.16	86.34	9.07%	63.73	-19.50%
16,000	82.87	91.45	10.36%	67.66	-18.36%
17,000	86.58	96.57	11.54%	71.59	-17.31%
18,000	90.29	101.68	12.62%	75.52	-16.35%
19,000	93.99	106.79	13.62%	79.45	-15.47%
20,000	97.70	111.91	14.54%	83.39	-14.65%
25,000	116.24	137.48	18.27%	103.05	-11.35%
30,000	134.78	163.05	20.97%	122.71	-8.96%
35,000	153.32	188.62	23.02%	142.37	-7.15%
40,000	171.86	214.19	24.63%	162.03	-5.72%
45,000	190.40	239.76	25.92%	181.69	-4.58%
50,000	208.95	265.33	26.99%	201.35	-3.64%
75,000	301.65	393.18	30.34%	299.65	-0.66%
100,000	394.35	521.03	32.12%	397.95	0.91%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate	Company Present Rate	Staff Recommended Rate
1	Industrial 5/8 x 3/4 -inch	\$ 16.10	\$ 21.00	\$ 24.20		\$ 3.5000	\$ 5.7600
2					10	2.5000	3.5000
3					999999	2.5000	n/a
4	Industrial 1-inch	34.13	52.50	60.50		n/a	n/a
5					35	2.5000	3.5000
6					999999	2.5000	n/a
7	Industrial 2-inch	98.66	168.00	193.60		n/a	n/a
8					125	2.5000	3.5000
9					999999	2.5000	n/a
10	Industrial 3-inch	179.03	336.00	387.20		n/a	n/a
11					280	2.5000	3.5000
12					999999	2.5000	n/a
13	Industrial 4-inch	317.81	525.00	605.00		n/a	n/a
14					450	2.5000	3.5000
15					999999	2.5000	n/a
16	Industrial 6-inch	606.48	1,050.00	1,210.00		n/a	n/a
17					925	2.5000	3.5000
18					999999	2.5000	n/a
19	Industrial 8-inch	847.98	1,680.00	1,936.00		n/a	n/a
20					1,500	2.5000	3.5000
21					999999	2.5000	n/a
22	Industrial 10-inch	1,384.92	2,415.00	2,783.00		n/a	n/a
23					2,100	2.5000	3.5000
24					999999	2.5000	n/a
25	Private Fire Service 5/8-inch service	5.00	25.00	10.00		n/a	n/a
26	1-inch service	5.00	25.00	10.00		n/a	n/a
27	2-inch service	5.00	25.00	10.00		n/a	n/a
28	3-inch service	5.00	25.00	10.00		n/a	n/a
29	4-inch service	5.00	25.00	10.00		n/a	n/a
30	6-inch service	6.06	25.00	24.20		n/a	n/a
31	8-inch service	8.48	25.00	38.72		n/a	n/a
32	10-inch service	13.85	25.00	55.66		n/a	n/a
33	Other Water Revenues						
34	Public Fire Hydrant	n/a	n/a	n/a		n/a	n/a
35	Coin Machine	n/a	n/a	n/a		n/a	n/a
36	Construction Water (2-inch)	99.66	178.48	-		2.5000	4.0913
37					125	2.5000	5.1141
38					999999	2.5000	n/a
39	Construction Water (3-inch)	179.03	356.96	-		2.5000	4.0913
40					325	2.5000	5.1141
41					999999	2.5000	n/a
42	Construction Water (4-inch)	317.81	557.75	-		2.5000	4.0913
43					500	2.5000	5.1141
44					999999	2.5000	n/a
45	Sales for Resale (2-inch)	n/a	178.48	-		n/a	4.0913
46					999.999	n/a	4.0913
47					999999	n/a	n/a
48	Sales for Resale (3-inch)	n/a	356.96	-		n/a	4.0913
49					999.999	n/a	4.0913
50					999999	n/a	n/a
51	Sales for Resale (6-inch)	n/a	1,115.50	-		n/a	4.0913
52					999.999	n/a	4.0913
53					999999	n/a	n/a

Rimrock
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,165	\$ 31.51	\$ 45.08	\$ 13.57	43.05%
Median Usage	4,128	\$ 26.42	\$ 36.74	\$ 10.32	39.08%
Staff Recommended					
Average Usage	6,165	\$ 31.51	\$ 53.95	\$ 22.44	71.20%
Median Usage	4,128	\$ 26.42	\$ 42.22	\$ 15.80	59.79%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.10	\$ 22.31	38.57%	\$ 24.20	50.31%
1,000	18.60	25.58	37.54%	28.04	50.75%
2,000	21.10	28.86	36.76%	31.88	51.09%
3,000	23.60	32.13	36.14%	35.72	51.36%
4,000	26.10	36.22	38.77%	41.48	58.93%
5,000	28.60	40.31	40.95%	47.24	65.17%
6,000	31.10	44.40	42.77%	53.00	70.42%
7,000	33.60	48.49	44.33%	58.76	74.88%
8,000	36.10	52.59	45.67%	64.52	78.73%
9,000	38.60	56.68	46.83%	70.28	82.07%
10,000	41.10	60.77	47.85%	76.04	85.01%
11,000	43.60	65.88	51.11%	82.93	90.20%
12,000	46.10	71.00	54.00%	89.81	94.82%
13,000	48.60	76.11	56.60%	96.70	98.97%
14,000	51.10	81.22	58.95%	103.59	102.72%
15,000	53.60	86.34	61.08%	110.48	106.11%
16,000	56.10	91.45	63.02%	117.36	109.20%
17,000	58.60	96.57	64.79%	124.25	112.03%
18,000	61.10	101.68	66.42%	131.14	114.63%
19,000	63.60	106.79	67.92%	138.02	117.02%
20,000	66.10	111.91	69.30%	144.91	119.23%
25,000	78.60	137.48	74.91%	179.35	128.17%
30,000	91.10	163.05	78.98%	213.78	134.67%
35,000	103.60	188.62	82.06%	248.22	139.59%
40,000	116.10	214.19	84.49%	282.65	143.45%
45,000	128.60	239.76	86.44%	317.09	146.57%
50,000	141.10	265.33	88.04%	351.52	149.13%
75,000	203.60	393.18	93.11%	523.70	157.22%
100,000	266.10	521.03	95.80%	695.87	161.51%

Rimrock
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,165	\$ 46.40	\$ 45.08	\$ (1.32)	-2.85%
Median Usage	4,128	\$ 38.85	\$ 36.74	\$ (2.10)	-5.41%
Staff Recommended					
Average Usage	6,165	\$ 46.40	\$ 53.95	\$ 7.55	16.27%
Median Usage	4,128	\$ 38.85	\$ 42.22	\$ 3.37	8.68%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 23.54	\$ 22.31	-5.23%	\$ 24.20	2.80%
1,000	27.25	25.58	-6.11%	28.04	2.91%
2,000	30.96	28.86	-6.78%	31.88	2.98%
3,000	34.66	32.13	-7.31%	35.72	3.05%
4,000	38.37	36.22	-5.61%	41.48	8.10%
5,000	42.08	40.31	-4.20%	47.24	12.26%
6,000	45.79	44.40	-3.03%	53.00	15.75%
7,000	49.50	48.49	-2.03%	58.76	18.71%
8,000	53.20	52.59	-1.16%	64.52	21.27%
9,000	56.91	56.68	-0.42%	70.28	23.49%
10,000	60.62	60.77	0.24%	76.04	25.44%
11,000	64.33	65.88	2.41%	82.93	28.91%
12,000	68.04	71.00	4.35%	89.81	32.01%
13,000	71.75	76.11	6.08%	96.70	34.78%
14,000	75.45	81.22	7.65%	103.59	37.29%
15,000	79.16	86.34	9.07%	110.48	39.56%
16,000	82.87	91.45	10.36%	117.36	41.62%
17,000	86.58	96.57	11.54%	124.25	43.51%
18,000	90.29	101.68	12.62%	131.14	45.25%
19,000	93.99	106.79	13.62%	138.02	46.84%
20,000	97.70	111.91	14.54%	144.91	48.32%
25,000	116.24	137.48	18.27%	179.35	54.29%
30,000	134.78	163.05	20.97%	213.78	58.61%
35,000	153.32	188.62	23.02%	248.22	61.89%
40,000	171.86	214.19	24.63%	282.65	64.46%
45,000	190.40	239.76	25.92%	317.09	66.53%
50,000	208.95	265.33	26.99%	351.52	68.24%
75,000	301.65	393.18	30.34%	523.70	73.61%
100,000	394.35	521.03	32.12%	695.87	76.46%

ARIZONA WATER COMPANY
WESTERN GROUP:
CASA GRANDE

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	10.48	14.00	3	3	1.0000	1.5200
2				10	10	1.4869	1.9000
3				999999	999999	1.6500	2.3750
4	Residential 1-inch	25.20	35.00	67	37	1.4869	1.9760
5				999999	999999	1.6500	2.4680
6				999999	999999	1.6500	2.4680
7	Residential 2-inch	63.10	112.00	236	140	1.4869	1.9000
8				999999	999999	1.6500	2.3750
9				999999	999999	1.6500	2.4680
10	Residential 3-inch	105.15	224.00	552	285	1.4869	1.9000
11				999999	999999	1.6500	2.3750
12				999999	999999	1.6500	2.4680
13	Residential 4-inch	210.25	350.00	1195	460	1.4869	1.9000
14				999999	999999	1.6500	2.3750
15				999999	999999	1.6500	2.4680
16	Residential 6-inch	367.90	700.00	2160	950	1.4869	1.9000
17				999999	999999	1.6500	2.3750
18				999999	999999	1.6500	2.4680
19	Residential 8-inch	367.90	1,120.00	2160	1,500	1.4869	1.9000
20				999999	999999	1.6500	2.3750
21				999999	999999	1.6500	2.4680
22	Residential 10-inch	1,205.20	1,610.00	7232	2,000	1.4869	1.9000
23				999999	999999	1.6500	2.3750
24				999999	999999	1.6500	2.4680
25	Commercial 5/8 x 3/4 -inch	10.48	14.00	3	3	1.0000	1.5200
26				10	10	1.4869	1.9000
27				999999	999999	1.6500	2.3750
28	Commercial 1-inch	25.20	35.00	67	37	1.4869	1.9760
29				999999	999999	1.6500	2.4680
30				999999	999999	1.6500	2.4680
31	Commercial 2-inch	63.10	112.00	236	140	1.4869	1.9000
32				999999	999999	1.6500	2.3750
33				999999	999999	1.6500	2.4680
34	Commercial 3-inch	105.15	224.00	552	285	1.4869	1.9000
35				999999	999999	1.6500	2.3750
36				999999	999999	1.6500	2.4680
37	Commercial 4-inch	210.25	350.00	1195	460	1.4869	1.9000
38				999999	999999	1.6500	2.3750
39				999999	999999	1.6500	2.4680
40	Commercial 6-inch	367.90	700.00	2160	950	1.4869	1.9000
41				999999	999999	1.6500	2.3750
42				999999	999999	1.6500	2.4680
43	Commercial 8-inch	367.90	1,120.00	2160	1,500	1.4869	1.9000
44				999999	999999	1.6500	2.3750
45				999999	999999	1.6500	2.4680
46	Commercial 10-inch	1,205.20	1,610.00	7232	2,000	1.4869	1.9000
47				999999	999999	1.6500	2.3750
48				999999	999999	1.6500	2.4680

Casa Grande - Consolidated

(A) (B) (C) (D) (E) (F) (G) (H) (I)

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
		Casa Grande - Consolidated									
Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge			
		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate	
1	Industrial 5/8 x 3/4 -inch	\$ 10.48	\$ 10.48	\$ 14.00	3	999999	10	\$	\$ 1,000	\$ 1,6430	\$ 1,9760
2					10	999999	999999		1,4869	1,6430	2,4680
3					999999	999999	999999		1,6500	n/a	n/a
4	Industrial 1-inch		25.20	35.00	67	999999	37		1,4869	1,6430	1,9760
5					999999	999999	999999		1,6500	1,6430	2,4680
6					999999	999999	999999		1,6500	n/a	n/a
7	Industrial 2-inch		63.10	112.00	296	999999	140		1,4869	1,6430	1,9760
8					999999	999999	999999		1,6500	1,6430	2,4680
9					999999	999999	999999		1,6500	n/a	n/a
10	Industrial 3-inch		105.15	224.00	552	999999	285		1,4869	1,6430	1,9760
11					999999	999999	999999		1,6500	1,6430	2,4680
12					999999	999999	999999		1,6500	n/a	n/a
13	Industrial 4-inch		210.25	350.00	1195	999999	460		1,4869	1,6430	1,9760
14					999999	999999	999999		1,6500	1,6430	2,4680
15					999999	999999	999999		1,6500	n/a	n/a
16	Industrial 6-inch		367.90	700.00	2160	999999	950		1,4869	1,6430	1,9760
17					999999	999999	999999		1,6500	1,6430	2,4680
18					999999	999999	999999		1,6500	n/a	n/a
19	Industrial 8-inch		367.90	1,120.00	2160	999999	1,500		1,4869	1,6430	1,9760
20					999999	999999	999999		1,6500	1,6430	2,4680
21					999999	999999	999999		1,6500	n/a	n/a
22	Industrial 10-inch		1,205.20	1,610.00	7292	999999	2,000		1,4869	1,6430	1,9760
23					999999	999999	999999		1,6500	1,6430	2,4680
24					999999	999999	999999		1,6500	n/a	n/a
25	Private Fire Service		5.00	25.00					n/a	n/a	n/a
26	1-inch		5.00	10.00					n/a	n/a	n/a
27	2-inch		5.00	10.00					n/a	n/a	n/a
28	3-inch		5.00	10.00					n/a	n/a	n/a
29	4-inch		5.00	10.00					n/a	n/a	n/a
30	6-inch		5.00	14.00					n/a	n/a	n/a
31	8-inch		5.00	22.40					n/a	n/a	n/a
32	10-inch		12.05	32.20					n/a	n/a	n/a
33	Other Water Revenues										
34	Public Fire Hydrant		n/a	n/a					n/a	n/a	n/a
35	Coin Machine		n/a	n/a					n/a	n/a	n/a
36	Construction Water		63.10	138.00	296	125	999999		1,4869	1,9000	2,4680
37					999999	999999	999999		1,6500	2,3750	2,4680
38					999999	999999	999999		1,6500	n/a	n/a
39	Construction Water		105.15	276.00	552	325	999999		1,4869	1,9000	2,4680
40					999999	999999	999999		1,6500	2,3750	2,4680
41					999999	999999	999999		1,6500	n/a	n/a
42	Construction Water		210.25	431.25	1195	500	999999		1,4869	1,9000	2,4680
43					999999	999999	999999		1,6500	2,3750	2,4680
44					999999	999999	999999		1,6500	n/a	n/a
45	Sales for Resale		n/a	83.84	n/a	999,999	999,999		n/a	1,6430	2,4680
46					n/a	999,999	999,999		n/a	1,6430	2,4680
47					n/a	999,999	999,999		n/a	n/a	n/a
48	Sales for Resale		n/a	167.68	n/a	999,999	999,999		n/a	1,6430	2,4680
49					n/a	999,999	999,999		n/a	1,6430	2,4680
50					n/a	999,999	999,999		n/a	n/a	n/a
51	Sales for Resale		n/a	524.00	n/a	999,999	999,999		n/a	1,6430	2,4680
52					n/a	999,999	999,999		n/a	1,6430	2,4680
53					n/a	999,999	999,999		n/a	n/a	n/a

**Casa Grande - Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,843	\$ 22.17	\$ 32.91	\$ 10.74	48.47%
Median Usage	6,075	\$ 18.05	\$ 27.65	\$ 9.60	53.18%
Staff Recommended					
Average Usage	8,843	\$ 22.17	\$ 28.25	\$ 6.08	27.42%
Median Usage	6,075	\$ 18.05	\$ 22.78	\$ 4.72	26.17%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 10.48	\$ 17.25	64.60%	\$ 14.00	33.59%
1,000	11.48	18.77	63.50%	14.90	29.79%
2,000	12.48	20.29	62.58%	15.80	26.60%
3,000	13.48	21.81	61.80%	16.70	23.89%
4,000	14.97	23.71	58.42%	18.68	24.78%
5,000	16.45	25.61	55.65%	20.65	25.52%
6,000	17.94	27.51	53.34%	22.63	26.13%
7,000	19.43	29.41	51.38%	24.60	26.64%
8,000	20.91	31.31	49.70%	26.58	27.09%
9,000	22.40	33.21	48.25%	28.56	27.47%
10,000	23.89	35.11	46.98%	30.53	27.81%
11,000	25.54	37.49	46.78%	33.00	29.22%
12,000	27.19	39.86	46.61%	35.47	30.45%
13,000	28.84	42.24	46.45%	37.94	31.55%
14,000	30.49	44.61	46.32%	40.40	32.52%
15,000	32.14	46.99	46.20%	42.87	33.40%
16,000	33.79	49.36	46.09%	45.34	34.19%
17,000	35.44	51.74	45.99%	47.81	34.90%
18,000	37.09	54.11	45.90%	50.28	35.56%
19,000	38.74	56.49	45.81%	52.74	36.15%
20,000	40.39	58.86	45.74%	55.21	36.70%
25,000	48.64	70.74	45.43%	67.55	38.89%
30,000	56.89	82.61	45.21%	79.89	40.44%
35,000	65.14	94.49	45.05%	92.23	41.59%
40,000	73.39	106.36	44.93%	104.57	42.49%
45,000	81.64	118.24	44.83%	116.91	43.21%
50,000	89.89	130.11	44.75%	129.25	43.79%
75,000	131.14	189.49	44.49%	190.95	45.61%
100,000	172.39	248.86	44.36%	252.65	46.56%

Casa Grande - Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Propc	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,843	\$ 26.79	\$ 32.91	\$ 6.13	22.87%
Median Usage	6,075	\$ 22.08	\$ 27.65	\$ 5.58	25.26%
Staff Recommended					
Average Usage	8,843	\$ 26.79	\$ 28.25	\$ 1.46	5.45%
Median Usage	6,075	\$ 22.08	\$ 22.78	\$ 0.70	3.17%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 13.20	\$ 17.25	30.68%	\$ 14.00	6.06%
1,000	14.41	18.77	30.21%	14.90	3.37%
2,000	15.63	20.29	29.82%	15.80	1.09%
3,000	16.84	21.81	29.48%	16.70	-0.86%
4,000	18.55	23.71	27.85%	18.68	0.70%
5,000	20.25	25.61	26.49%	20.65	2.00%
6,000	21.95	27.51	25.34%	22.63	3.09%
7,000	23.65	29.41	24.35%	24.60	4.03%
8,000	25.35	31.31	23.50%	26.58	4.84%
9,000	27.05	33.21	22.76%	28.56	5.55%
10,000	28.76	35.11	22.10%	30.53	6.18%
11,000	30.62	37.49	22.42%	33.00	7.77%
12,000	32.48	39.86	22.70%	35.47	9.18%
13,000	34.35	42.24	22.96%	37.94	10.44%
14,000	36.21	44.61	23.18%	40.40	11.57%
15,000	38.08	46.99	23.39%	42.87	12.59%
16,000	39.94	49.36	23.57%	45.34	13.51%
17,000	41.81	51.74	23.74%	47.81	14.35%
18,000	43.67	54.11	23.90%	50.28	15.12%
19,000	45.54	56.49	24.04%	52.74	15.83%
20,000	47.40	58.86	24.17%	55.21	16.48%
25,000	56.73	70.74	24.70%	67.55	19.09%
30,000	66.05	82.61	25.07%	79.89	20.96%
35,000	75.37	94.49	25.36%	92.23	22.37%
40,000	84.70	106.36	25.58%	104.57	23.47%
45,000	94.02	118.24	25.76%	116.91	24.35%
50,000	103.34	130.11	25.90%	129.25	25.07%
75,000	149.96	189.49	26.36%	190.95	27.33%
100,000	196.58	248.86	26.60%	252.65	28.52%

Casa Grande
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,843	\$ 22.17	\$ 32.91	\$ 10.74	48.47%
Median Usage	6,075	\$ 18.05	\$ 27.65	\$ 9.60	53.18%
Staff Recommended					
Average Usage	8,843	\$ 22.17	\$ 27.05	\$ 4.88	22.01%
Median Usage	6,075	\$ 18.05	\$ 22.15	\$ 4.09	22.68%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 10.48	\$ 17.25	64.60%	\$ 14.00	33.59%
1,000	11.48	18.77	63.50%	14.90	29.79%
2,000	12.48	20.29	62.58%	15.80	26.60%
3,000	13.48	21.81	61.80%	16.70	23.89%
4,000	14.97	23.71	58.42%	18.47	23.41%
5,000	16.45	25.61	55.65%	20.24	23.02%
6,000	17.94	27.51	53.34%	22.01	22.70%
7,000	19.43	29.41	51.38%	23.78	22.42%
8,000	20.91	31.31	49.70%	25.56	22.19%
9,000	22.40	33.21	48.25%	27.33	21.98%
10,000	23.89	35.11	46.98%	29.10	21.80%
11,000	25.54	37.49	46.78%	31.66	23.96%
12,000	27.19	39.86	46.61%	34.22	25.84%
13,000	28.84	42.24	46.45%	36.77	27.52%
14,000	30.49	44.61	46.32%	39.33	29.01%
15,000	32.14	46.99	46.20%	41.89	30.35%
16,000	33.79	49.36	46.09%	44.45	31.56%
17,000	35.44	51.74	45.99%	47.01	32.65%
18,000	37.09	54.11	45.90%	49.57	33.65%
19,000	38.74	56.49	45.81%	52.13	34.56%
20,000	40.39	58.86	45.74%	54.69	35.40%
25,000	48.64	70.74	45.43%	67.48	38.74%
30,000	56.89	82.61	45.21%	80.28	41.11%
35,000	65.14	94.49	45.05%	93.07	42.88%
40,000	73.39	106.36	44.93%	105.87	44.26%
45,000	81.64	118.24	44.83%	118.66	45.35%
50,000	89.89	130.11	44.75%	131.46	46.24%
75,000	131.14	189.49	44.49%	195.43	49.03%
100,000	172.39	248.86	44.36%	259.41	50.48%

Casa Grande
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,843	\$ 26.79	\$ 32.91	\$ 6.13	22.87%
Median Usage	6,075	\$ 22.08	\$ 27.65	\$ 5.58	25.26%
Staff Recommended					
Average Usage	8,843	\$ 26.79	\$ 27.05	\$ 0.26	0.98%
Median Usage	6,075	\$ 22.08	\$ 22.15	\$ 0.07	0.31%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 13.20	\$ 17.25	30.68%	\$ 14.00	6.06%
1,000	14.41	18.77	30.21%	14.90	3.37%
2,000	15.63	20.29	29.82%	15.80	1.09%
3,000	16.84	21.81	29.48%	16.70	-0.86%
4,000	18.55	23.71	27.85%	18.47	-0.40%
5,000	20.25	25.61	26.49%	20.24	-0.03%
6,000	21.95	27.51	25.34%	22.01	0.29%
7,000	23.65	29.41	24.35%	23.78	0.56%
8,000	25.35	31.31	23.50%	25.56	0.80%
9,000	27.05	33.21	22.76%	27.33	1.01%
10,000	28.76	35.11	22.10%	29.10	1.19%
11,000	30.62	37.49	22.42%	31.66	3.38%
12,000	32.48	39.86	22.70%	34.22	5.33%
13,000	34.35	42.24	22.96%	36.77	7.06%
14,000	36.21	44.61	23.18%	39.33	8.61%
15,000	38.08	46.99	23.39%	41.89	10.01%
16,000	39.94	49.36	23.57%	44.45	11.28%
17,000	41.81	51.74	23.74%	47.01	12.44%
18,000	43.67	54.11	23.90%	49.57	13.50%
19,000	45.54	56.49	24.04%	52.13	14.47%
20,000	47.40	58.86	24.17%	54.69	15.37%
25,000	56.73	70.74	24.70%	67.48	18.96%
30,000	66.05	82.61	25.07%	80.28	21.54%
35,000	75.37	94.49	25.36%	93.07	23.48%
40,000	84.70	106.36	25.58%	105.87	25.00%
45,000	94.02	118.24	25.76%	118.66	26.21%
50,000	103.34	130.11	25.90%	131.46	27.20%
75,000	149.96	189.49	26.36%	195.43	30.32%
100,000	196.58	248.86	26.60%	259.41	31.96%

ARIZONA WATER COMPANY
WESTERN GROUP:
STANFIELD

Line No.	Customer Class	Basic Service Charge		Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate		Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	14.65	17.25	14.00	3	3	2,030.00	2,350.00
2					10	10	2,890.00	2,938.00
3					999999	999999	3,600.00	3,673.00
4	Residential 1-inch	36.63	43.13	35.00	29	37	2,890.00	2,938.00
5					999999	999999	3,600.00	3,673.00
6					999999	999999	3,600.00	n/a
7	Residential 2-inch	117.20	138.00	112.00	139	135	2,890.00	2,938.00
8					999999	999999	3,600.00	3,673.00
9					999999	999999	3,600.00	n/a
10	Residential 3-inch	234.40	276.00	224.00	303	280	2,890.00	2,938.00
11					999999	999999	3,600.00	3,673.00
12					999999	999999	3,600.00	n/a
13	Residential 4-inch	366.25	431.25	350.00	487	440	2,890.00	2,938.00
14					999999	999999	3,600.00	3,673.00
15					999999	999999	3,600.00	n/a
16	Residential 6-inch	732.50	862.50	700.00	1002	900	2,890.00	2,938.00
17					999999	999999	3,600.00	3,673.00
18					999999	999999	3,600.00	n/a
19	Residential 8-inch	1,172.00	1,380.00	1,120.00	1620	1,450	2,890.00	2,938.00
20					999999	999999	3,600.00	3,673.00
21					999999	999999	3,600.00	n/a
22	Residential 10-inch	1,684.75	1,983.75	1,610.00	2341	2,000	2,890.00	2,938.00
23					999999	999999	3,600.00	3,673.00
24					999999	999999	3,600.00	n/a
25	Commercial 5/8 x 3/4 -inch	14.65	17.25	14.00	3	10	2,030.00	2,938.00
26					10	10	2,890.00	3,673.00
27					999999	999999	3,600.00	n/a
28	Commercial 1-inch	36.63	43.13	35.00	29	37	2,890.00	2,938.00
29					999999	999999	3,600.00	3,673.00
30					999999	999999	3,600.00	n/a
31	Commercial 2-inch	117.20	136.00	112.00	139	135	2,890.00	2,938.00
32					999999	999999	3,600.00	3,673.00
33					999999	999999	3,600.00	n/a
34	Commercial 3-inch	234.40	276.00	224.00	303	280	2,890.00	2,938.00
35					999999	999999	3,600.00	3,673.00
36					999999	999999	3,600.00	n/a
37	Commercial 4-inch	366.25	431.25	350.00	487	440	2,890.00	2,938.00
38					999999	999999	3,600.00	3,673.00
39					999999	999999	3,600.00	n/a
40	Commercial 6-inch	732.50	862.50	700.00	1002	900	2,890.00	2,938.00
41					999999	999999	3,600.00	3,673.00
42					999999	999999	3,600.00	n/a
43	Commercial 8-inch	1,172.00	1,380.00	1,120.00	1620	1,450	2,890.00	2,938.00
44					999999	999999	3,600.00	3,673.00
45					999999	999999	3,600.00	n/a
46	Commercial 10-inch	1,684.75	1,983.75	1,610.00	2341	2,000	2,890.00	2,938.00
47					999999	999999	3,600.00	3,673.00
48					999999	999999	3,600.00	n/a

Stanfield -Consolidated
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,162	\$ 38.55	\$ 42.40	\$ 3.86	10.00%
Median Usage	7,262	\$ 33.06	\$ 36.82	\$ 3.76	11.39%
Staff Recommended					
Average Usage	9,162	\$ 38.55	\$ 34.88	\$ (3.67)	-9.52%
Median Usage	7,262	\$ 33.06	\$ 29.27	\$ (3.78)	-11.45%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 14.65	\$ 17.25	17.75%	\$ 14.00	-4.44%
1,000	16.68	19.60	17.51%	14.90	-10.67%
2,000	18.71	21.95	17.32%	15.80	-15.55%
3,000	20.74	24.30	17.16%	16.70	-19.48%
4,000	23.63	27.24	15.27%	19.65	-16.84%
5,000	26.52	30.18	13.79%	22.60	-14.78%
6,000	29.41	33.11	12.59%	25.55	-13.12%
7,000	32.30	36.05	11.62%	28.50	-11.76%
8,000	35.19	38.99	10.80%	31.45	-10.63%
9,000	38.08	41.93	10.11%	34.40	-9.66%
10,000	40.97	44.87	9.51%	37.35	-8.84%
11,000	44.57	48.54	8.91%	41.05	-7.90%
12,000	48.17	52.21	8.39%	44.75	-7.10%
13,000	51.77	55.89	7.95%	48.45	-6.41%
14,000	55.37	59.56	7.56%	52.15	-5.82%
15,000	58.97	63.23	7.23%	55.85	-5.29%
16,000	62.57	66.90	6.93%	59.55	-4.83%
17,000	66.17	70.58	6.66%	63.25	-4.41%
18,000	69.77	74.25	6.42%	66.95	-4.04%
19,000	73.37	77.92	6.21%	70.65	-3.71%
20,000	76.97	81.60	6.01%	74.35	-3.40%
25,000	94.97	99.96	5.26%	92.85	-2.23%
30,000	112.97	118.33	4.74%	111.35	-1.43%
35,000	130.97	136.69	4.37%	129.85	-0.86%
40,000	148.97	155.06	4.09%	148.35	-0.42%
45,000	166.97	173.42	3.86%	166.85	-0.07%
50,000	184.97	191.79	3.68%	185.35	0.21%
75,000	274.97	283.61	3.14%	277.85	1.05%
100,000	364.97	375.44	2.87%	370.35	1.47%

Stanfield -Consolidated
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,162	\$ 42.58	\$ 42.40	\$ (0.17)	-0.40%
Median Usage	7,262	\$ 36.65	\$ 36.82	\$ 0.17	0.48%
Staff Recommended					
Average Usage	9,162	\$ 42.58	\$ 34.88	\$ (7.70)	-18.08%
Median Usage	7,262	\$ 36.65	\$ 29.27	\$ (7.37)	-20.12%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.57	\$ 17.25	4.10%	\$ 14.00	-15.51%
1,000	18.83	19.60	4.09%	14.90	-20.87%
2,000	21.09	21.95	4.08%	15.80	-25.08%
3,000	23.35	24.30	4.07%	16.70	-28.48%
4,000	26.47	27.24	2.90%	19.65	-25.77%
5,000	29.59	30.18	1.98%	22.60	-23.62%
6,000	32.71	33.11	1.24%	25.55	-21.89%
7,000	35.83	36.05	0.62%	28.50	-20.46%
8,000	38.95	38.99	0.10%	31.45	-19.26%
9,000	42.07	41.93	-0.34%	34.40	-18.23%
10,000	45.19	44.87	-0.72%	37.35	-17.35%
11,000	49.02	48.54	-0.98%	41.05	-16.26%
12,000	52.85	52.21	-1.21%	44.75	-15.33%
13,000	56.68	55.89	-1.40%	48.45	-14.52%
14,000	60.51	59.56	-1.57%	52.15	-13.82%
15,000	64.34	63.23	-1.72%	55.85	-13.20%
16,000	68.17	66.90	-1.86%	59.55	-12.64%
17,000	72.00	70.58	-1.98%	63.25	-12.15%
18,000	75.83	74.25	-2.08%	66.95	-11.71%
19,000	79.66	77.92	-2.18%	70.65	-11.31%
20,000	83.49	81.60	-2.27%	74.35	-10.95%
25,000	102.64	99.96	-2.61%	92.85	-9.54%
30,000	121.79	118.33	-2.84%	111.35	-8.57%
35,000	140.94	136.69	-3.01%	129.85	-7.87%
40,000	160.09	155.06	-3.14%	148.35	-7.33%
45,000	179.24	173.42	-3.25%	166.85	-6.91%
50,000	198.39	191.79	-3.33%	185.35	-6.57%
75,000	294.14	283.61	-3.58%	277.85	-5.54%
100,000	389.89	375.44	-3.71%	370.35	-5.01%

Stanfield
Typical Bill Analysis
 Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,162	\$ 38.55	\$ 42.40	\$ 3.86	10.00%
Median Usage	7,262	\$ 33.06	\$ 36.82	\$ 3.76	11.39%
Staff Recommended					
Average Usage	9,162	\$ 38.55	\$ 92.57	\$ 54.02	140.14%
Median Usage	7,262	\$ 33.06	\$ 80.03	\$ 46.97	142.09%

Present & Proposed Rates (Without Taxes)
 Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company		Staff Recommended	
		Proposed Rates	% Increase	Recommended Rates	% Increase
-	\$ 14.65	\$ 17.25	17.75%	\$ 42.00	186.69%
1,000	16.68	19.60	17.51%	45.30	171.58%
2,000	18.71	21.95	17.32%	48.60	159.75%
3,000	20.74	24.30	17.16%	51.90	150.24%
4,000	23.63	27.24	15.27%	58.50	147.57%
5,000	26.52	30.18	13.79%	65.10	145.48%
6,000	29.41	33.11	12.59%	71.70	143.79%
7,000	32.30	38.05	11.62%	78.30	142.41%
8,000	35.19	38.99	10.80%	84.90	141.26%
9,000	38.08	41.93	10.11%	91.50	140.28%
10,000	40.97	44.87	9.51%	98.10	139.44%
11,000	44.57	48.54	8.91%	105.57	136.86%
12,000	48.17	52.21	8.39%	113.04	134.66%
13,000	51.77	55.89	7.95%	120.51	132.77%
14,000	55.37	59.56	7.56%	127.98	131.13%
15,000	58.97	63.23	7.23%	135.45	129.68%
16,000	62.57	66.90	6.93%	142.91	128.41%
17,000	66.17	70.58	6.66%	150.38	127.27%
18,000	69.77	74.25	6.42%	157.85	126.25%
19,000	73.37	77.92	6.21%	165.32	125.33%
20,000	76.97	81.60	6.01%	172.79	124.49%
25,000	94.97	99.96	5.26%	210.14	121.26%
30,000	112.97	118.33	4.74%	247.48	119.07%
35,000	130.97	136.69	4.37%	284.83	117.47%
40,000	148.97	155.06	4.09%	322.17	116.27%
45,000	166.97	173.42	3.86%	359.52	115.32%
50,000	184.97	191.79	3.68%	396.86	114.55%
75,000	274.97	283.61	3.14%	583.59	112.24%
100,000	364.97	375.44	2.87%	770.31	111.06%

Stanfield
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,162	\$ 42.58	\$ 42.40	\$ (0.17)	-0.40%
Median Usage	7,262	\$ 36.65	\$ 36.82	\$ 0.17	0.48%
Staff Recommended					
Average Usage	9,162	\$ 42.58	\$ 92.57	\$ 49.99	117.42%
Median Usage	7,262	\$ 36.65	\$ 80.03	\$ 43.38	118.38%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.57	\$ 17.25	4.10%	\$ 42.00	153.47%
1,000	18.83	19.60	4.09%	45.30	140.57%
2,000	21.09	21.95	4.08%	48.60	130.44%
3,000	23.35	24.30	4.07%	51.90	122.27%
4,000	26.47	27.24	2.90%	58.50	121.00%
5,000	29.59	30.18	1.98%	65.10	120.01%
6,000	32.71	33.11	1.24%	71.70	119.20%
7,000	35.83	36.05	0.62%	78.30	118.53%
8,000	38.95	38.99	0.10%	84.90	117.97%
9,000	42.07	41.93	-0.34%	91.50	117.49%
10,000	45.19	44.87	-0.72%	98.10	117.08%
11,000	49.02	48.54	-0.98%	105.57	115.36%
12,000	52.85	52.21	-1.21%	113.04	113.88%
13,000	56.68	55.89	-1.40%	120.51	112.61%
14,000	60.51	59.56	-1.57%	127.98	111.50%
15,000	64.34	63.23	-1.72%	135.45	110.51%
16,000	68.17	66.90	-1.86%	142.91	109.64%
17,000	72.00	70.58	-1.98%	150.38	108.87%
18,000	75.83	74.25	-2.08%	157.85	108.17%
19,000	79.66	77.92	-2.18%	165.32	107.53%
20,000	83.49	81.60	-2.27%	172.79	106.96%
25,000	102.64	99.96	-2.61%	210.14	104.73%
30,000	121.79	118.33	-2.84%	247.48	103.20%
35,000	140.94	136.69	-3.01%	284.83	102.09%
40,000	160.09	155.06	-3.14%	322.17	101.24%
45,000	179.24	173.42	-3.25%	359.52	100.58%
50,000	198.39	191.79	-3.33%	396.86	100.04%
75,000	294.14	283.61	-3.58%	583.59	98.40%
100,000	389.89	375.44	-3.71%	770.31	97.57%

ARIZONA WATER COMPANY
WESTERN GROUP:
COOLIDGE

Coolidge - Consolidated

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate
1	Residential 5/8 x 3/4 -inch	10.90	17.25	3	3	3	3
2	Residential 1-inch	27.25	43.13	10	10	10	10
3	Residential 2-inch	87.20	138.00	47	10	37	19760
4	Residential 3-inch	174.40	276.00	258	125	140	2.4680
5	Residential 4-inch	272.50	431.25	917	500	460	1.9760
6	Residential 6-inch	545.00	862.50	1889	925	950	2.4680
7	Residential 8-inch	872.00	1,380.00	3055	1500	1,500	1.9760
8	Residential 10-inch	1,253.50	1,983.75	4416	3000	2,000	2.4680
9	Commercial 5/8 x 3/4 -inch	10.90	17.25	3	10	10	1.9760
10	Commercial 1-inch	27.25	43.13	10	10	10	2.4680
11	Commercial 2-inch	87.20	138.00	47	125	37	1.9760
12	Commercial 3-inch	174.40	276.00	258	500	140	2.4680
13	Commercial 4-inch	272.50	431.25	917	925	285	1.9760
14	Commercial 6-inch	545.00	862.50	1889	1500	460	2.4680
15	Commercial 8-inch	872.00	1,380.00	3055	3000	999999	1.9760
16	Commercial 10-inch	1,253.50	1,983.75	4416	3000	999999	2.4680
17	Commercial 1-inch	27.25	43.13	47	40	37	1.9760
18	Commercial 2-inch	87.20	138.00	258	125	140	2.4680
19	Commercial 3-inch	174.40	276.00	917	325	285	1.9760
20	Commercial 4-inch	272.50	431.25	1889	500	460	2.4680
21	Commercial 6-inch	545.00	862.50	3055	925	950	1.9760
22	Commercial 8-inch	872.00	1,380.00	4416	1500	1,500	2.4680
23	Commercial 10-inch	1,253.50	1,983.75	4416	3000	2,000	1.9760
24	Commercial 1-inch	27.25	43.13	47	40	37	2.4680
25	Commercial 2-inch	87.20	138.00	258	125	140	1.9760
26	Commercial 3-inch	174.40	276.00	917	325	285	2.4680
27	Commercial 4-inch	272.50	431.25	1889	500	460	1.9760
28	Commercial 6-inch	545.00	862.50	3055	925	950	2.4680
29	Commercial 8-inch	872.00	1,380.00	4416	1500	1,500	1.9760
30	Commercial 10-inch	1,253.50	1,983.75	4416	3000	2,000	2.4680

**Coolidge - Consolidated
Typical Bill Analysis
Residential 5/8x 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,134	\$ 25.61	\$ 31.56	\$ 5.95	23.24%
Median Usage	5,998	\$ 21.43	\$ 27.51	\$ 6.08	28.38%
Staff Recommended					
Average Usage	8,134	\$ 25.61	\$ 26.84	\$ 1.23	4.81%
Median Usage	5,998	\$ 21.43	\$ 22.62	\$ 1.20	5.59%

**Present & Proposed Rates (Without Taxes)
Residential 5/8x 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 10.90	\$ 17.25	58.26%	\$ 14.00	28.44%
1,000	12.45	18.77	50.76%	14.90	19.68%
2,000	14.00	20.29	44.93%	15.80	12.86%
3,000	15.55	21.81	40.26%	16.70	7.40%
4,000	17.51	23.71	35.41%	18.68	6.66%
5,000	19.47	25.61	31.54%	20.65	6.07%
6,000	21.43	27.51	28.37%	22.63	5.59%
7,000	23.39	29.41	25.74%	24.60	5.19%
8,000	25.35	31.31	23.51%	26.58	4.85%
9,000	27.31	33.21	21.60%	28.56	4.56%
10,000	29.27	35.11	19.95%	30.53	4.31%
11,000	31.51	37.49	18.96%	33.00	4.73%
12,000	33.75	39.86	18.10%	35.47	5.09%
13,000	35.99	42.24	17.35%	37.94	5.41%
14,000	38.23	44.61	16.69%	40.40	5.69%
15,000	40.47	46.99	16.10%	42.87	5.94%
16,000	42.71	49.36	15.57%	45.34	6.16%
17,000	44.95	51.74	15.09%	47.81	6.36%
18,000	47.19	54.11	14.66%	50.28	6.54%
19,000	49.43	56.49	14.27%	52.74	6.70%
20,000	51.67	58.86	13.92%	55.21	6.86%
25,000	62.87	70.74	12.51%	67.55	7.45%
30,000	74.07	82.61	11.53%	79.89	7.86%
35,000	85.27	94.49	10.81%	92.23	8.16%
40,000	96.47	106.36	10.25%	104.57	8.40%
45,000	107.67	118.24	9.81%	116.91	8.58%
50,000	118.87	130.11	9.46%	129.25	8.73%
75,000	174.87	189.49	8.36%	190.95	9.20%
100,000	230.87	248.86	7.79%	252.65	9.43%

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Staff Recommended Rate	Company Present	Staff Recommended	Company Present Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	\$ 10.90	\$ 17.25	12.50			
2							
3							
4	Residential 1-inch	27.25	43.13	31.25			
5							
6							
7	Residential 2-inch	87.20	138.00	100.00			
8							
9							
10	Residential 3-inch	174.40	276.00	200.00			
11							
12							
13	Residential 4-inch	272.50	431.25	312.50			
14							
15							
16	Residential 6-inch	545.00	862.50	625.00			
17							
18							
19	Residential 8-inch	872.00	1,380.00	1,000.00			
20							
21							
22	Residential 10-inch	1,263.50	1,983.75	1,437.50			
23							
24							
25	Commercial 5/8 x 3/4 -inch	10.90	17.25	12.50			
26							
27							
28	Commercial 1-inch	27.25	43.13	31.25			
29							
30							
31	Commercial 2-inch	87.20	138.00	100.00			
32							
33							
34	Commercial 3-inch	174.40	276.00	200.00			
35							
36							
37	Commercial 4-inch	272.50	431.25	312.50			
38							
39							
40	Commercial 6-inch	545.00	862.50	625.00			
41							
42							
43	Commercial 8-inch	872.00	1,380.00	1,000.00			
44							
45							
46	Commercial 10-inch	1,263.50	1,983.75	1,437.50			
47							
48							

Coolidge			Break-Over Points			Commodity Charge				
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]		
Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Industrial 5/8 x 3/4-inch	\$ 10.90	\$ 10.48	\$ 12.50	3	999999	10	\$ 1.5500	\$ 1.6430	\$ 2.0000
2						999999	999999	1.9600	1.6430	2.5080
3						999999	999999	2.2400	n/a	n/a
4	Industrial 1-inch	27.25	26.20	31.25	47	999999	40	1.9600	1.6430	2.0000
5						999999	999999	2.2400	1.6430	2.5080
6						999999	999999	2.2400	n/a	n/a
7	Industrial 2-inch	87.20	83.84	100.00	258	999999	150	1.9600	1.6430	2.0000
8						999999	999999	2.2400	1.6430	2.5080
9						999999	999999	2.2400	n/a	n/a
10	Industrial 3-inch	174.40	167.68	200.00	568	999999	300	1.9600	1.6430	2.0000
11						999999	999999	2.2400	1.6430	2.5080
12						999999	999999	2.2400	n/a	n/a
13	Industrial 4-inch	272.50	262.00	312.50	917	999999	480	1.9600	1.6430	2.0000
14						999999	999999	2.2400	1.6430	2.5080
15						999999	999999	2.2400	n/a	n/a
16	Industrial 6-inch	545.00	524.00	625.00	1889	999999	1,000	1.9600	1.6430	2.0000
17						999999	999999	2.2400	1.6430	2.5080
18						999999	999999	2.2400	n/a	n/a
19	Industrial 8-inch	872.00	838.40	1,000.00	3055	999999	1,600	1.9600	1.6430	2.0000
20						999999	999999	2.2400	1.6430	2.5080
21						999999	999999	2.2400	n/a	n/a
22	Industrial 10-inch	1,253.50	1,205.20	1,437.50	4416	999999	2,300	1.9600	1.6430	2.0000
23						999999	999999	2.2400	1.6430	2.5080
24						999999	999999	2.2400	n/a	n/a
25	Private Fire Service							n/a	n/a	n/a
26	5/8-inch service	5.00	25.00	10.00				n/a	n/a	n/a
27	1-inch service	5.00	25.00	10.00				n/a	n/a	n/a
28	2-inch service	5.00	25.00	10.00				n/a	n/a	n/a
29	3-inch service	5.00	25.00	10.00				n/a	n/a	n/a
30	4-inch service	5.00	25.00	10.00				n/a	n/a	n/a
31	6-inch service	5.45	25.00	12.50				n/a	n/a	n/a
32	8-inch service	8.72	25.00	20.00				n/a	n/a	n/a
33	10-inch service	12.54	25.00	28.75				n/a	n/a	n/a
34	Other Water Revenues									
35	Public Fire Hydrant	n/a	n/a	n/a				n/a	n/a	n/a
36	Coin Machine	n/a	n/a	n/a				104.00	119.8537	113.86
37	Construction Water (2-inch)	87.20	138.00	-	258	999999	125	1.9600	1.9000	2.5080
38						999999	999999	2.2400	2.3750	2.5080
39	Construction Water (3-inch)	174.40	276.00	-	568	999999	325	1.9600	1.9000	2.5080
40						999999	999999	2.2400	2.3750	2.5080
41	Construction Water (4-inch)	272.50	431.25	-	917	999999	500	1.9600	1.9000	2.5080
42						999999	999999	2.2400	2.3750	2.5080
43	Sales for Resale (2-inch)	n/a	83.84	-	n/a			n/a	1.6430	2.5080
44						999999	999999	2.2400	1.6430	2.5080
45	Sales for Resale (3-inch)	n/a	167.68	-	n/a			n/a	1.6430	2.5080
46						999999	999999	2.2400	1.6430	2.5080
47	Sales for Resale (6-inch)	n/a	524.00	-	n/a			n/a	1.6430	2.5080
48						999999	999999	2.2400	1.6430	2.5080
49						999999	999999	2.2400	n/a	n/a
50						999999	999999	2.2400	n/a	n/a
51						999999	999999	2.2400	n/a	n/a
52						999999	999999	2.2400	n/a	n/a
53						999999	999999	2.2400	n/a	n/a

Coolidge
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,134	\$ 25.61	\$ 31.56	\$ 5.95	23.24%
Median Usage	5,998	\$ 21.43	\$ 27.51	\$ 6.08	28.38%
Staff Recommended					
Average Usage	8,134	\$ 25.61	\$ 25.77	\$ 0.16	0.61%
Median Usage	5,998	\$ 21.43	\$ 21.50	\$ 0.07	0.33%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 10.90	\$ 17.25	58.26%	\$ 12.50	14.68%
1,000	12.45	18.77	50.76%	13.50	8.43%
2,000	14.00	20.29	44.93%	14.50	3.57%
3,000	15.55	21.81	40.26%	15.50	-0.32%
4,000	17.51	23.71	35.41%	17.50	-0.06%
5,000	19.47	25.61	31.54%	19.50	0.15%
6,000	21.43	27.51	28.37%	21.50	0.33%
7,000	23.39	29.41	25.74%	23.50	0.47%
8,000	25.35	31.31	23.51%	25.50	0.59%
9,000	27.31	33.21	21.60%	27.50	0.70%
10,000	29.27	35.11	19.95%	29.50	0.79%
11,000	31.51	37.49	18.96%	32.01	1.58%
12,000	33.75	39.86	18.10%	34.52	2.27%
13,000	35.99	42.24	17.35%	37.02	2.87%
14,000	38.23	44.61	16.69%	39.53	3.41%
15,000	40.47	46.99	16.10%	42.04	3.88%
16,000	42.71	49.36	15.57%	44.55	4.30%
17,000	44.95	51.74	15.09%	47.06	4.69%
18,000	47.19	54.11	14.66%	49.56	5.03%
19,000	49.43	56.49	14.27%	52.07	5.34%
20,000	51.67	58.86	13.92%	54.58	5.63%
25,000	62.87	70.74	12.51%	67.12	6.76%
30,000	74.07	82.61	11.53%	79.66	7.55%
35,000	85.27	94.49	10.81%	92.20	8.13%
40,000	96.47	106.36	10.25%	104.74	8.57%
45,000	107.67	118.24	9.81%	117.28	8.93%
50,000	118.87	130.11	9.46%	129.82	9.21%
75,000	174.87	189.49	8.36%	192.52	10.09%
100,000	230.87	248.86	7.79%	255.22	10.55%

ARIZONA WATER COMPANY
WESTERN GROUP:
WHITE TANK

Line No.	Customer Class	Basic Service Charge		Break-Over Points		Commodity Charge	
		Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate	Company Present Rate	Company Proposed Rate
1	Residential 5/8 x 3/4 -inch	\$ 16.05	\$ 25.03	\$ 20.00		\$ 1.8230	\$ 1.2500
2							
3							
4	Residential 1-inch	31.10	62.58	50.00		2.2500	2.1500
5							
6	Residential 2-inch	82.85	200.24	160.00		2.5500	2.1500
7							
8							
9							
10	Residential 3-inch	155.40	400.48	320.00		2.5500	2.1500
11							
12							
13	Residential 4-inch	401.25	625.75	500.00		2.5500	2.1500
14							
15							
16	Residential 6-inch	802.50	1,251.50	1,000.00		2.5500	2.1500
17							
18							
19	Residential 8-inch	1,284.00	2,002.40	1,600.00		2.5500	2.1500
20							
21							
22	Residential 10-inch	1,845.75	2,878.45	2,300.00		2.5500	2.1500
23							
24							
25	Commercial 5/8 x 3/4 -inch	16.05	25.03	20.00		1.6000	1.5000
26							
27							
28	Commercial 1-inch	31.10	62.58	50.00		2.2500	2.1500
29							
30							
31	Commercial 2-inch	82.85	200.24	160.00		2.5500	2.1500
32							
33							
34	Commercial 3-inch	155.40	400.48	320.00		2.5500	2.1500
35							
36							
37	Commercial 4-inch	401.25	625.75	500.00		2.5500	2.1500
38							
39							
40	Commercial 6-inch	802.50	1,251.50	1,000.00		2.5500	2.1500
41							
42							
43	Commercial 8-inch	1,284.00	2,002.40	1,600.00		2.5500	2.1500
44							
45							
46	Commercial 10-inch	1,845.75	2,878.45	2,300.00		2.5500	2.1500
47							
48							

Line No.	Customer Class	Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Industrial 5/8 x 3/4 -inch	\$ 16.05	\$ 20.42	\$ 20.00	3	999999	10	\$ 1,600.00	\$ 5,098.00	\$ 2,150.00
2										
3										
4	Industrial 1-inch	31.10	51.05	50.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
5										
6										
7	Industrial 2-inch	82.85	163.36	160.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
8										
9										
10	Industrial 3-inch	155.40	326.72	320.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
11										
12										
13	Industrial 4-inch	401.25	510.50	500.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
14										
15										
16	Industrial 6-inch	802.50	1,021.00	1,000.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
17										
18	Industrial 8-inch	1,284.00	1,633.60	1,600.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
19										
20										
21	Industrial 10-inch	1,845.75	2,348.30	2,300.00	999999	999999	999999	2,250.00	5,098.00	2,150.00
22										
23										
24										
25	Private Fire Service	5.00	25.00	10.00				n/a	n/a	n/a
26	5/8-inch service	5.00	25.00	10.00				n/a	n/a	n/a
27	1-inch service	5.00	25.00	10.00				n/a	n/a	n/a
28	2-inch service	5.00	25.00	10.00				n/a	n/a	n/a
29	3-inch service	5.00	25.00	10.00				n/a	n/a	n/a
30	4-inch service	5.00	25.00	10.00				n/a	n/a	n/a
31	6-inch service	8.03	25.00	20.00				n/a	n/a	n/a
32	8-inch service	12.84	25.00	32.00				n/a	n/a	n/a
33	10-inch service	18.46	25.00	46.00				n/a	n/a	n/a
34	Other Water Revenues									
35	Public Fire Hydrant	n/a	n/a	n/a				n/a	n/a	n/a
36	Coin Machine	n/a	n/a	n/a				n/a	n/a	n/a
37	Construction Water (2-inch)	82.85	200.24	-	183	999999	325	2,250.00	2,279.00	3,165.00
38					999999	999999	999999	2,500.00	2,849.00	3,165.00
39	Construction Water (3-inch)	155.40	400.48	-	401	999999	700	2,500.00	2,279.00	3,165.00
40					999999	999999	999999	2,500.00	2,849.00	3,165.00
41	Construction Water (4-inch)	401.25	623.75	-	1145	999999	995,999	2,500.00	2,279.00	3,165.00
42					999999	999999	999999	2,500.00	2,849.00	3,165.00
43	Sales for Resale (2-inch)	n/a	200.24	-	n/a	999999	999999	n/a	5,098.00	3,165.00
44					n/a	999999	999999	n/a	5,098.00	3,165.00
45	Sales for Resale (3-inch)	n/a	400.48	-	n/a	999999	999999	n/a	5,098.00	3,165.00
46					n/a	999999	999999	n/a	5,098.00	3,165.00
47	Sales for Resale (6-inch)	n/a	1,251.50	-	n/a	999999	999999	n/a	5,098.00	3,165.00
48					n/a	999999	999999	n/a	5,098.00	3,165.00
49					n/a	999999	999999	n/a	5,098.00	3,165.00
50					n/a	999999	999999	n/a	5,098.00	3,165.00
51					n/a	999999	999999	n/a	5,098.00	3,165.00
52					n/a	999999	999999	n/a	5,098.00	3,165.00
53					n/a	999999	999999	n/a	5,098.00	3,165.00

[A] [B] [C] [D] [E] [F] [G] [H] [I]

**White Tank
Typical Bill Analysis
Residential 5/8 X 3/4 Inch Meters**

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	15,648	\$ 51.00	\$ 62.54	\$ 11.54	22.63%
Median Usage	10,201	\$ 37.11	\$ 47.02	\$ 9.91	26.71%
Staff Recommended					
Average Usage	15,648	\$ 51.00	\$ 56.68	\$ 5.67	11.12%
Median Usage	10,201	\$ 37.11	\$ 39.44	\$ 2.32	6.26%

**Present & Proposed Rates (Without Taxes)
Residential 5/8 X 3/4 Inch Meters**

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 16.05	\$ 25.03	55.95%	\$ 20.00	24.61%
1,000	17.65	26.85	52.14%	21.25	20.40%
2,000	19.25	28.68	48.97%	22.50	16.88%
3,000	20.85	30.50	46.28%	23.75	13.91%
4,000	23.10	32.78	41.90%	25.90	12.12%
5,000	25.35	35.06	38.29%	28.05	10.65%
6,000	27.60	37.34	35.28%	30.20	9.42%
7,000	29.85	39.62	32.71%	32.35	8.38%
8,000	32.10	41.89	30.51%	34.50	7.48%
9,000	34.35	44.17	28.60%	36.65	6.70%
10,000	36.60	46.45	26.92%	38.80	6.01%
11,000	39.15	49.30	25.93%	41.97	7.19%
12,000	41.70	52.15	25.06%	45.13	8.23%
13,000	44.25	55.00	24.29%	48.30	9.14%
14,000	46.80	57.85	23.61%	51.46	9.96%
15,000	49.35	60.70	22.99%	54.63	10.69%
16,000	51.90	63.55	22.44%	57.79	11.35%
17,000	54.45	66.40	21.94%	60.96	11.95%
18,000	57.00	69.24	21.48%	64.12	12.49%
19,000	59.55	72.09	21.06%	67.29	12.99%
20,000	62.10	74.94	20.88%	70.45	13.45%
25,000	74.85	89.19	19.15%	86.28	15.26%
30,000	87.60	103.43	18.07%	102.10	16.55%
35,000	100.35	117.68	17.27%	117.93	17.51%
40,000	113.10	131.92	16.64%	133.75	18.26%
45,000	125.85	146.17	16.14%	149.58	18.85%
50,000	138.60	160.41	15.74%	165.40	19.34%
75,000	202.35	231.64	14.47%	244.53	20.84%
100,000	266.10	302.86	13.82%	323.65	21.63%

White Tank
Typical Bill Analysis with ACRM and/or PPA in Present Rates
Residential 5/8 X 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	15,648	\$ 60.80	\$ 62.54	\$ 1.74	2.87%
Median Usage	10,201	\$ 45.17	\$ 47.02	\$ 1.86	4.11%
Staff Recommended					
Average Usage	15,648	\$ 60.80	\$ 56.68	\$ (4.12)	-6.78%
Median Usage	10,201	\$ 45.17	\$ 39.44	\$ (5.73)	-12.69%

Present & Proposed Rates (Without Taxes)
Residential 5/8 X 3/4 Inch Meters

Gallons Consumption	Present Rates	Company		Staff	
		Proposed Rates	% Increase	Recommended Rates	% Increase
-	\$ 20.84	\$ 25.03	20.11%	\$ 20.00	-4.03%
1,000	22.76	26.85	17.98%	21.25	-6.63%
2,000	24.68	28.68	16.19%	22.50	-8.83%
3,000	26.60	30.50	14.66%	23.75	-10.71%
4,000	29.17	32.78	12.37%	25.90	-11.21%
5,000	31.74	35.06	10.45%	28.05	-11.63%
6,000	34.31	37.34	8.82%	30.20	-11.98%
7,000	36.88	39.62	7.42%	32.35	-12.28%
8,000	39.45	41.89	6.20%	34.50	-12.55%
9,000	42.02	44.17	5.12%	36.65	-12.78%
10,000	44.59	46.45	4.18%	38.80	-12.98%
11,000	47.46	49.30	3.88%	41.97	-11.58%
12,000	50.33	52.15	3.62%	45.13	-10.33%
13,000	53.20	55.00	3.38%	48.30	-9.22%
14,000	56.07	57.85	3.17%	51.46	-8.22%
15,000	58.94	60.70	2.98%	54.63	-7.32%
16,000	61.81	63.55	2.81%	57.79	-6.50%
17,000	64.68	66.40	2.65%	60.96	-5.76%
18,000	67.55	69.24	2.51%	64.12	-5.08%
19,000	70.42	72.09	2.38%	67.29	-4.45%
20,000	73.29	74.94	2.25%	70.45	-3.88%
25,000	87.64	89.19	1.77%	86.28	-1.56%
30,000	101.99	103.43	1.41%	102.10	0.11%
35,000	116.34	117.68	1.15%	117.93	1.36%
40,000	130.69	131.92	0.94%	133.75	2.34%
45,000	145.04	146.17	0.78%	149.58	3.13%
50,000	159.39	160.41	0.64%	165.40	3.77%
75,000	231.14	231.64	0.22%	244.53	5.79%
100,000	302.89	302.86	-0.01%	323.65	6.85%

ARIZONA WATER COMPANY
WESTERN GROUP:
AJO

Line No.	Customer Class	Basic Service Charge		Tier	Break-Over Points		Tier	Commodity Charge	
		Company Present Rate	Staff Recommended Rate		Company Present Rate	Staff Recommended Rate		Company Present Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4 -inch	21.04	24.00	3	10	3	10	4.5000	5.0250
2				10	999999	10	999999	5.5000	6.2810
3				25	999999	25	999999	6.5000	7.8510
4	Residential 1-inch	52.10	60.00	25	999999	30	999999	5.5000	6.2810
5				30	999999	30	999999	6.5000	7.8510
6				90	999999	90	999999	6.5000	n/a
7	Residential 2-inch	170.00	192.00	25	999999	25	999999	5.5000	6.2810
8				90	999999	90	999999	6.5000	7.8510
9				999999	999999	999999	999999	6.5000	n/a
10	Residential 3-inch	336.34	384.00	165	999999	200	999999	5.5000	6.2810
11				999999	999999	999999	999999	6.5000	7.8510
12				999999	999999	999999	999999	6.5000	n/a
13	Residential 4-inch	526.00	600.00	325	999999	325	999999	5.5000	6.2810
14				999999	999999	999999	999999	6.5000	7.8510
15				999999	999999	999999	999999	6.5000	n/a
16	Residential 6-inch	1,052.00	1,200.00	775	999999	725	999999	5.5000	6.2810
17				999999	999999	999999	999999	6.5000	7.8510
18				999999	999999	999999	999999	6.5000	n/a
19	Residential 8-inch	1,683.20	1,920.00	1,310	999999	1,200	999999	5.5000	6.2810
20				999999	999999	999999	999999	6.5000	7.8510
21				999999	999999	999999	999999	6.5000	n/a
22	Residential 10-inch	2,419.60	2,760.00	1,940	999999	2,000	999999	5.5000	6.2810
23				999999	999999	999999	999999	6.5000	7.8510
24				999999	999999	999999	999999	6.5000	n/a
25	Commercial 5/8 x 3/4 -inch	21.04	24.00	3	10	3	10	4.5000	5.0250
26				10	999999	10	999999	5.5000	6.2810
27				25	999999	25	999999	6.5000	7.8510
28	Commercial 1-inch	52.10	60.00	25	999999	30	999999	5.5000	6.2810
29				999999	999999	999999	999999	6.5000	7.8510
30				999999	999999	999999	999999	6.5000	n/a
31	Commercial 2-inch	170.00	192.00	25	999999	100	999999	5.5000	6.2810
32				999999	999999	999999	999999	6.5000	7.8510
33				999999	999999	999999	999999	6.5000	n/a
34	Commercial 3-inch	336.34	384.00	165	999999	200	999999	5.5000	6.2810
35				999999	999999	999999	999999	6.5000	7.8510
36				999999	999999	999999	999999	6.5000	n/a
37	Commercial 4-inch	526.00	600.00	325	999999	325	999999	5.5000	6.2810
38				999999	999999	999999	999999	6.5000	7.8510
39				999999	999999	999999	999999	6.5000	n/a
40	Commercial 6-inch	1,052.00	1,200.00	775	999999	725	999999	5.5000	6.2810
41				999999	999999	999999	999999	6.5000	7.8510
42				999999	999999	999999	999999	6.5000	n/a
43	Commercial 8-inch	1,683.20	1,920.00	1,310	999999	1,200	999999	5.5000	6.2810
44				999999	999999	999999	999999	6.5000	7.8510
45				999999	999999	999999	999999	6.5000	n/a
46	Commercial 10-inch	2,419.60	2,760.00	1,940	999999	2,000	999999	5.5000	6.2810
47				999999	999999	999999	999999	6.5000	7.8510
48				999999	999999	999999	999999	6.5000	n/a

AJO
Typical Bill Analysis
Residential 5/8 x 3/4 Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,185	\$ 46.56	\$ 54.80	\$ 8.24	17.70%
Median Usage	3,754	\$ 38.69	\$ 45.81	\$ 7.12	18.41%
Staff Recommended					
Average Usage	5,185	\$ 46.56	\$ 52.18	\$ 5.63	12.08%
Median Usage	3,754	\$ 38.69	\$ 42.57	\$ 3.88	10.03%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4 Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 21.04	\$ 26.00	23.57%	\$ 24.00	14.07%
1,000	25.54	31.03	21.48%	28.50	11.59%
2,000	30.04	36.05	20.01%	33.00	9.85%
3,000	34.54	41.08	18.92%	37.50	8.57%
4,000	40.04	47.36	18.27%	44.22	10.44%
5,000	45.54	53.64	17.78%	50.94	11.86%
6,000	51.04	59.92	17.39%	57.66	12.97%
7,000	56.54	66.20	17.08%	64.38	13.87%
8,000	62.04	72.48	16.83%	71.10	14.60%
9,000	67.54	78.76	16.61%	77.82	15.22%
10,000	73.04	85.04	16.43%	84.54	15.74%
11,000	79.54	92.89	16.79%	92.62	16.44%
12,000	86.04	100.74	17.09%	100.70	17.04%
13,000	92.54	108.60	17.35%	108.78	17.55%
14,000	99.04	116.45	17.57%	116.86	17.99%
15,000	105.54	124.30	17.77%	124.94	18.38%
16,000	112.04	132.15	17.95%	133.02	18.73%
17,000	118.54	140.00	18.10%	141.10	19.03%
18,000	125.04	147.85	18.24%	149.18	19.31%
19,000	131.54	155.70	18.37%	157.26	19.55%
20,000	138.04	163.55	18.48%	165.34	19.78%
25,000	170.54	202.81	18.92%	205.74	20.64%
30,000	203.04	242.06	19.22%	246.14	21.23%
35,000	235.54	281.32	19.43%	286.54	21.65%
40,000	268.04	320.57	19.60%	326.94	21.97%
45,000	300.54	359.83	19.73%	367.34	22.23%
50,000	333.04	399.08	19.83%	407.74	22.43%
75,000	495.54	595.36	20.14%	609.74	23.05%
100,000	658.04	791.63	20.30%	811.74	23.36%

	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Service Charge			
Establishment	\$16.00	\$16.00	\$16.00
Guarantee Deposit	Residential - maximum: Two(2) times average customer class bill. Non-Residential-maximum: Two and one-half (2 1/2) times that customers estimated maximum monthly bill.	No Change	No Change
Reconnection for Delinquency	\$16.00	\$16.00	\$16.00
Re-Establishment	Eight (8) times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.	No Change	No Change
Service Call Out	During regular working hours - No charge. After regular working hours, on Saturdays, Sundays, or holidays - \$35.00	No Change	No Change
Returned Check	\$25.00	\$25.00	\$25.00
Meter Re-read	No charge, if done during regular working hours, otherwise, a \$35.00 service call out.	No Change	No Change
Meter Test	No charge for the first test, for the second test for the same customer within any twelve (12) month period, \$50.00, or actual time and material whichever is greater.	No Change	No Change
Service Line and Meter Installation	No charge for 5/8" and 1" if on existing pipelines. Full cost for 5/8" and 1" if on new pipelines. Full cost for 2" and larger if on existing or new pipelines. Advances for service line and meter installation shall be refundable.		
Late Charge	1.5 percent after 15 days.		

Meter Size	Service Line	Meter	Total
5/8-inch	\$ 445	\$ 155	\$ 600
1-inch	\$ 495	\$ 315	\$ 810
2" turbine	\$ 830	\$ 1,045	\$ 1,875
2" compound	\$ 830	\$ 1,880	\$ 2,720
3" turbine	\$ 1,045	\$ 1,870	\$ 2,715
3" compound	\$ 1,165	\$ 2,545	\$ 3,710
4" turbine	\$ 1,480	\$ 2,870	\$ 4,160
4" compound	\$ 1,670	\$ 3,645	\$ 5,315
6" turbine	\$ 2,210	\$ 5,025	\$ 7,235
6" compound	\$ 2,330	\$ 6,920	\$ 9,250
8" turbine	\$ 2,210	\$ 5,025	\$ 7,235
8" compound	\$ 2,330	\$ 6,920	\$ 9,250
10" turbine	\$ 2,210	\$ 5,025	\$ 7,235
10" compound	\$ 2,330	\$ 6,920	\$ 9,250

*Meter charge includes meter box or vault.

No Change

**REVENUE
REQUIREMENT
SCHEDULES**

Arizona Water Company
Docket No. W-01445A-08-0440
Test Year Ended December 31, 2007

SUMMARY OF FINAL REVENUE REQUIREMENT

<u>WATER SYSTEMS</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
Lakeside	\$ 2,562,819	
Overgaard	\$ 1,445,386	
Consolidated Total	\$ 4,008,205	\$ 4,008,205
Sedona	\$ 5,009,390	
Pinewood	\$ 1,098,364	
Rimrock	\$ 909,861	
Consolidated Total	\$ 7,017,615	\$ 7,017,615
Northern Group		\$ 11,025,820
Superstition	\$ 14,428,891	
Miami	\$ 2,617,325	
Consolidated Total	\$ 17,046,216	\$ 17,046,216
Sierra Vista	\$ 1,337,482	
Bisbee	\$ 2,069,259	
Consolidated Total	\$ 3,406,741	\$ 3,406,741
Winkelman	\$ 121,410	\$ 121,410
San Manuel	\$ 1,149,774	\$ 1,149,774
Oracle	\$ 1,089,248	\$ 1,089,248
Eastern Group		\$ 22,813,389
Casa Grande	\$ 14,808,840	
Coolidge	\$ 2,317,791	
Stanfield	\$ 303,978	
Consolidated Total	\$ 17,430,609	\$ 17,430,609
Ajo	\$ 545,108	\$ 545,108
White Tanks	\$ 1,438,668	\$ 1,438,668
Western Group		\$ 19,414,385
Total Company		\$ 53,253,594

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[D] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 10,334,163
2	Adjusted Operating Income (Loss)	\$ 998,898
3	Current Rate of Return (L2 / L1)	9.67%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 837,067
6	Operating Income Deficiency (L5 - L2)	\$ (161,831)
7	Gross Revenue Conversion Factor	1.6504
8	Required Revenue Increase (L7 * L6)	\$ (267,081)
9	Adjusted Test Year Revenue	\$ 4,275,286
10	Proposed Annual Revenue (L8 + L9)	\$ 4,008,205
11	Required Increase in Revenue (%)	-6.25%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.4075%			
5	Subtotal (L3 - L4)	60.5925%			
6	Revenue Conversion Factor (L1 / L5)	1.650369724			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (XXX-18, L24)	1.3170%			
22	Effective Property Tax Factor (L 21 * L 22)	0.008086367			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.4075%		
24	Required Operating Income (Schedule XXX-1, Line 5)	\$ 837,067			
25	Adjusted Test Year Operating Income (Loss) (Schedule XXX-10, Line 40)	\$ 998,898			
26	Required Increase in Operating Income (L24 - L25)		\$ (161,831)		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 294,937			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 396,670			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (101,733)		
30	Recommended Revenue Requirement (Schedule XXX-1, Line 10)	\$ 4,008,205			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (XXX-18, L19)	\$ 172,436			
36	Property Tax on Test Year Revenue (XXX-18, L 16)	\$ 175,953			
37	Increase in Property Tax Due to Increase in Revenue (XXX-18, L22)		\$ (3,517)		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ (267,081)		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule XXX-10, Col.(C), Line 5 & Sch. XXX-1, Col. (B), Line 10)	\$ 4,275,286	\$ (267,081)	\$ 4,008,205	
40	Operating Expenses Excluding Income Taxes	\$ 2,879,718		\$ 2,876,201	
41	Synchronized Interest (L47)	\$ 367,896		\$ 367,896	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 1,027,672		\$ 764,108	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 71,608		\$ 53,243
45	Federal Taxable Income (L33 - L35)	\$ 956,064		\$ 710,865	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 325,062		\$ 241,694	
51	Total Federal Income Tax		\$ 325,062		\$ 241,694
52	Combined Federal and State Income Tax (L35 + L42)		\$ 396,670		\$ 294,937
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule XXX-3, Col. (C), Line (17))	\$ 10,334,163			
55	Weighted Average Cost of Debt (Schedule XXX-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 367,896			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 4,225,285	\$ -	\$ 4,225,285	\$ (267,081)	\$ 3,958,204
3	Miscellaneous	50,001	-	50,001	-	50,001
4	Total Operating Revenues	\$ 4,275,286	\$ -	\$ 4,275,286	\$ (267,081)	\$ 4,008,205
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	1,291	\$ -	1,291	\$ -	\$ 1,291
9	Other	9,562	-	9,562	-	9,562
10	Pumping Expenses					
11	Purchased Power	253,111	-	253,111	-	253,111
12	Purchased Gas	-	-	-	-	-
13	Other	97,618	-	97,618	-	97,618
14	Water Treatment Expenses	43,196	-	43,196	-	43,196
15	Transmission and Distribution Expenses	527,920	(36,690)	491,230	-	491,230
16	Customer Accounting Expenses	483,091	-	483,091	-	483,091
17	Sales Expense	1,132	-	1,132	-	1,132
18	Administrative and General Expenses	786,332	(148,897)	637,435	-	637,435
19	Total Operation and Maintenance Expense	\$ 2,203,254	\$ (185,587)	\$ 2,017,667	\$ -	\$ 2,017,667
20						
21	Depreciation and Amortization Expenses	631,723	(3,497)	628,226	-	628,226
22						
23	Taxes					
24	Federal Income Taxes	256,485	68,577	325,062	(83,367)	241,694
25	State Income Taxes	56,501	15,107	71,608	(18,365)	53,243
26	Property Taxes	181,843	(5,890)	175,953	(3,517)	172,436
27	Other	57,873	-	57,873	-	57,873
28	Total Taxes	\$ 552,702	\$ 77,794	\$ 630,496	\$ (105,250)	\$ 525,246
29	Total Operating Expenses	\$ 3,387,679	\$ (111,291)	\$ 3,276,388	\$ (105,250)	\$ 3,171,138
30	Operating Income (Loss)	\$ 887,607	\$ 111,291	\$ 998,898	\$ (161,831)	\$ 837,067

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 26,950,024	\$ (313,824)		\$ 26,636,200
2	Less: Accumulated Depreciation	7,630,924	(207,265)		7,423,659
3	Net Plant in Service	<u>\$ 19,319,100</u>	<u>\$ (106,559)</u>		<u>\$ 19,212,541</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	4,235,532	\$ -		4,235,532
5	Less: Accumulated Amortization	983,671	-		983,671
6	Net CIAC	<u>3,251,861</u>	<u>\$ -</u>		<u>\$ 3,251,861</u>
7	Advances in Aid of Construction (AIAC)	3,787,663	-		3,787,663
8	Customer Deposits	-	15,235		15,235
9	Deferred Income Tax Credits	1,952,914	-		1,952,914
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	181,139	(51,845)		129,294
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 10,507,802</u>	<u>\$ (173,639)</u>		<u>\$ 10,334,163</u>

References:

Column (A), Company Schedule B-1 (TAB RB SUM XXX-4)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. [BS] (TAB RB SUM XXX-4)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 3,315,094
2	Adjusted Operating Income (Loss)	\$ 414,540
3	Current Rate of Return (L2 / L1)	12.50%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 268,523
6	Operating Income Deficiency (L5 - L2)	\$ (146,017)
7	Gross Revenue Conversion Factor	1.6502
8	Required Revenue Increase (L7 * L6)	\$ (240,956)
9	Adjusted Test Year Revenue	\$ 1,686,342
10	Proposed Annual Revenue (L8 + L9)	\$ 1,445,386
11	Required Increase in Revenue (%)	-14.29%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3
- Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3
- Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.4010%			
5	Subtotal (L3 - L4)	60.5990%			
6	Revenue Conversion Factor (L1 / L5)	1.650192907			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.3064%			
22	Effective Property Tax Factor (L 21 * L 22)	0.008021442			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.4010%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 268,523			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 40)	\$ 414,540			
26	Required Increase in Operating Income (L24 - L25)		\$ (146,017)		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 94,613			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 186,404			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (91,791)		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,445,386			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 62,943			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 66,091			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ (3,148)		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ (240,956)		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 1,686,342	\$ (240,956)	\$ 1,445,386	
40	Operating Expenses Excluding Income Taxes	\$ 1,085,398		\$ 1,082,250	
41	Synchronized Interest (L47)	\$ 118,017		\$ 118,017	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 482,927		\$ 245,118	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 33,650		\$ 17,080
45	Federal Taxable Income (L33 - L35)	\$ 449,276		\$ 228,038	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 152,754		\$ 77,533	
51	Total Federal Income Tax		\$ 152,754		\$ 77,533
52	Combined Federal and State Income Tax (L35 + L42)		\$ 186,404		\$ 94,613
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]		\$ 152,753.91		34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [C], Line (17))	\$ 3,315,094			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 118,017			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 1,661,920	\$ -	\$ 1,661,920	\$ (240,956)	\$ 1,420,964
3	Miscellaneous	24,422	-	24,422	-	24,422
4	Total Operating Revenues	\$ 1,686,342	\$ -	\$ 1,686,342	\$ (240,956)	\$ 1,445,386
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ 58	\$ -	\$ 58	\$ -	\$ 58
9	Other	4,378	-	4,378	-	4,378
10	Pumping Expenses	-	-	-	-	-
11	Purchased Power	71,171	-	71,171	-	71,171
12	Purchased Gas	-	-	-	-	-
13	Other	43,941	-	43,941	-	43,941
14	Water Treatment Expenses	14,733	-	14,733	-	14,733
15	Transmission and Distribution Expenses	224,222	-	224,222	-	224,222
16	Customer Accounting Expenses	207,198	-	207,198	-	207,198
17	Sales Expense	446	-	446	-	446
18	Administrative and General Expenses	227,696	-	227,696	-	227,696
19	Total Operation and Maintenance Expense	\$ 793,844	\$ -	\$ 793,844	\$ -	\$ 793,844
20						
21	Depreciation and Amortization Expenses	202,707	-	202,707	-	202,707
22						
23	Taxes					
24	Federal Income Taxes	152,754	-	152,754	(75,221)	77,533
25	State Income Taxes	33,650	-	33,650	(16,570)	17,080
26	Property Taxes	66,091	-	66,091	(3,148)	62,943
27	Other	22,756	-	22,756	-	22,756
28	Total Taxes	\$ 275,251	\$ -	\$ 275,251	\$ (94,939)	\$ 180,312
29	Total Operating Expenses	\$ 1,271,802	\$ -	\$ 1,271,802	\$ (94,939)	\$ 1,176,863
30	Operating Income (Loss)	\$ 414,540	\$ -	\$ 414,540	\$ (146,017)	\$ 268,523

References:

Column [A]: Company Schedule C-1 Pg. 10 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF DIRECT TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	<i>Operating Revenues:</i>										
2	Residential	\$ 1,521,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,521,187
3	Commercial	129,575	-	-	-	-	-	-	-	-	129,575
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	1,195	-	-	-	-	-	-	-	-	1,195
6	Other Water Revenues	9,963	-	-	-	-	-	-	-	-	9,963
7	Total Water Revenues	\$ 1,661,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,661,920
8											
9	Miscellaneous	24,422	-	-	-	-	-	-	-	-	24,422
10	Total Operating Revenues	\$ 1,686,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686,342
11											
12	<i>OPERATING EXPENSES:</i>										
13	Source of Supply Expenses										
14	Purchased Water	\$ 58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58
15	Other	4,378	-	-	-	-	-	-	-	-	4,378
16	Pumping Expenses	-	-	-	-	-	-	-	-	-	-
17	Purchased Power	71,171	-	-	-	-	-	-	-	-	71,171
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	43,941	-	-	-	-	-	-	-	-	43,941
20	Water Treatment Expenses	14,733	-	-	-	-	-	-	-	-	14,733
21	Transmission and Distribution Expenses	224,222	-	-	-	-	-	-	-	-	224,222
22	Customer Accounting Expenses	207,198	-	-	-	-	-	-	-	-	207,198
23	Sales Expense	446	-	-	-	-	-	-	-	-	446
24	Administrative and General Expenses	227,696	-	-	-	-	-	-	-	-	227,696
25	Total Operation and Maintenance Expense	\$ 793,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793,844
26											
27	Depreciation and Amortization Expenses	202,707	-	-	-	-	-	-	-	-	202,707
28											
29	Taxes										
30	Federal Income Taxes	152,754	-	-	-	-	-	-	-	-	152,754
31	State Income Taxes	33,650	-	-	-	-	-	-	-	-	33,650
32	Property Taxes	66,091	-	-	-	-	-	-	-	-	66,091
33	Other	22,756	-	-	-	-	-	-	-	-	22,756
34	Total Taxes	\$ 275,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,251
35											
36	Total Operating Expenses	\$ 1,271,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,271,802
37	Operating Income (Income)	\$ 414,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,540

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule AII-5
2	Pumping Expense	Schedule AII-6
3	Water Treatment Expenses	Schedule AII-7
4	Transmission & Distribution Expense	Schedule AII-8
5	General & Administrative	Schedule AII-9
6	Depreciation Expenses	Schedule AII-10
7	Income Taxes	Schedule AII-11
8	Property Taxes	Schedule AII-12

Arizona Water Company - Overgaard Water System
 Docket No. W-01445A-08-0440
 Test Year December 31, 2007

Final Schedule All-5
 Overgaard

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 58	\$ -	\$ 58
2	Other	4,378	-	4,378
3	Total Source of Supply Expenses	<u>\$ 4,436</u>	<u>\$ -</u>	<u>\$ 4,436</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 71,171	\$ -	\$ 71,171
2	Purchased Gas	-	-	-
3	Other	43,941	-	43,941
4	Total Pumping Expenses	<u>\$ 115,112</u>	<u>\$ -</u>	<u>\$ 115,112</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO 3. - WATER TREATMENT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 14,733	\$ -	\$ 14,733
2				
3				
4	Acct.	Company	Staff	Staff
5	<u>No.</u> <u>Operations Ledger</u>	<u>Recorded</u>	<u>Adjustment</u>	<u>Recommended</u>
6	640 Water Treatment - Operations & Supervision	1,069	\$ -	\$ 1,069
7	641 Water Treatment - Operations Chemicals	6,009	-	6,009
8	642 Water Treatment - Operations Labor & Expense	8,181	-	8,181
9				
10	<u>Maintenance Ledger</u>			
11	650 Water Treatment - Maintenance & Supervision	5,340	-	5,340
12	651 Water Treatment - Maint Struct & Improvemt	-	-	-
13	652 Water Treatment - Maintenance & Equipment	4,364	-	4,364
14	Company Adjustments JMR-3, JMR-4 & JMR-7	(10,230)	-	(10,230)
15	Total	\$ 14,733	\$ -	\$ 14,733

References:
 Col [A]: Company Schedule C-1 Page 10
 Col [B]: All Testimony
 Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 224,222	\$ (13,251)	\$ 210,971
2				
3				
4				
5	Normalization of Three Year Actual Tank Maintenance Expense			
6		Year		Expense
7	Tank Maintenance expense	2005		3,057
8	Tank Maintenance expense	2006		413
9	Tank Maintenance expense	2007		9,778
10	Total			\$ 13,248
11				
12	Normalized Three Year Average			\$ 4,416
13	Company Proposed			\$ 17,667
14	Staff Adjustment			\$ (13,251)

References:

Col [A]: Company Schedule C-1 Page 10
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE AND GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	\$ 227,696	\$ (51,977)	\$ 175,719

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony Reversal of JMR-7 "Conservation Revenue Recovery Expense".

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 202,707	\$ -	\$ 202,707

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 26	\$ 26	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	1,085	1,085	0.00%	-
4	310	Water Rights	116,245	116,245	0.00%	-
5	310	Other Source of Supply Land	15,826	15,826	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	577,081	577,081	3.13%	18,063
8	320	Pumping Plant Land	600	600	0.00%	-
9	321	Pumping Plant Structures & Improvements	36,187	36,187	2.86%	1,035
10	325	Electric Pumping Equipment	551,633	551,633	5.88%	32,436
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	166	166	2.50%	4
14	332	Water Treatment Equipment	58,825	58,825	2.86%	1,682
15	340	Transmission and Distribution - Land	29,568	29,568	0.00%	-
16	342	Storage Tanks	665,214	665,214	2.00%	13,304
17	343	Transmission and Distribution Mains	5,538,714	5,538,714	1.79%	99,143
18	344	Fire Sprinkler Taps	38,262	38,262	2.00%	765
19	345	Services	1,691,014	1,691,014	2.38%	40,246
20	346	Meters	225,602	225,602	4.55%	10,265
21	348	Hydrants	630,571	630,571	1.82%	11,476
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	225,338	225,338	2.50%	5,633
24	390	Leasehold Improvements	A 52,508	52,508	6.59%	3,460
25	391	Office Furniture & Equipment	261,748	261,748	6.67%	17,459
26	393	Warehouse Equipment	235	235	5.00%	12
27	394	Tools, Shops, and Garage Equipment	58,727	58,727	4.00%	2,349
28	395	Laboratory Equipment	547	547	5.00%	27
29	396	Power Operated Equipment	3,810	3,810	6.67%	254
30	397	Communications Equipment	113,536	113,536	6.67%	7,573
31	398	Miscellaneous Equipment	12,340	12,340	3.33%	411
32		Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 10,905,405	\$ 10,905,405		\$ 265,598
34		Less: Non- depreciable Account(s)	163,350	163,350		
35		Depreciable Plant (L29-L30)	\$ 10,742,056	\$ 10,742,056		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 2,543,592			
37		Composite Depreciation/Amortization Rate	2.4725%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 62,890
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 202,707

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 173,386	\$ (20,632)	\$ 152,754
2	State Income Taxes	38,195	(4,545)	33,650
3	Federal and State Income Tax Adjustments	<u>\$ 211,582</u>	<u>\$ (25,177)</u>	<u>\$ 186,404</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,686,342	\$ 1,686,342
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,372,684	\$ 3,372,684
4	Staff Recommended Revenue, Per Schedule All-1	1,686,342	\$ 1,445,386
5	Subtotal (Line 4 + Line 5)	5,059,026	4,818,070
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,686,342	\$ 1,606,023
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,372,684	\$ 3,212,046
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,372,684	\$ 3,212,046.48
13	Assessment Ratio	23.0%	23.0%
14	Assessment Value (Line 12 * Line 13)	775,717	\$ 738,771
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 11)	8.5200%	8.5200%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 66,091	
17	Company Proposed Property Tax	65,159	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ 932	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 62,943
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 66,091
21	Increase/(Decrease) to Property Tax Expense		\$ (3,148)
22	Decrease to Property Tax Expense		\$ (3,148)
23	Increase in Revenue Requirement		\$ (240,956)
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.3064%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 10,905,405	\$ -		\$ 10,905,405
2	Less: Accumulated Depreciation	3,542,894	-		3,542,894
3	Net Plant in Service	<u>\$ 7,362,511</u>	<u>\$ -</u>		<u>\$ 7,362,511</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 2,543,592	\$ -		\$ 2,543,592
5	Less: Accumulated Amortization	613,170	-		613,170
6	Net CIAC	<u>\$ 1,930,422</u>	<u>\$ -</u>		<u>\$ 1,930,422</u>
7	Advances in Aid of Construction (AIAC)	1,420,695	-		1,420,695
8	Customer Deposits	6,935	-		6,935
9	Deferred Income Tax Credits	764,684	-		764,684
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	75,318	-		75,318
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 3,315,094</u>	<u>\$ -</u>		<u>\$ 3,315,094</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] STAFF FINAL ADJUSTED
1		PLANT IN SERVICE:									
2	301	Organization Cost	\$ 26								\$ 26
3	302	Franchise Cost									
4	303	Other Intangibles	1,085								1,085
5	310.1	Water Rights	116,245								116,245
6	310.3	Other Source of Supply Land	15,826								15,826
7	310.4	Wells - Other									
8	314	Wells	577,081								577,081
9	320	Pumping Plant Land	600								600
10	321	Pumping Plant Structures & Improvements	36,187								36,187
11	325	Electric Pumping Equipment	551,633								551,633
12	328	Gas Engine Equipment									
13	330	Water Treatment Plant - Land									
14	331	Water Treatment Structures and Improvements	166								166
15	332	Water Treatment Equipment	58,825								58,825
16	340	Transmission and Distribution - Land	29,568								29,568
17	342	Storage Tanks	665,214								665,214
18	343	Transmission and Distribution Mains	5,538,714								5,538,714
19	344	Fire Sprinkler Taps	38,262								38,262
20	345	Services	1,691,014								1,691,014
21	346	Meters	225,602								225,602
22	348	Hydrants	630,571								630,571
23	389	General Plant Land									
24	390	General Plant Structures	225,338								225,338
25	391	Leasehold Improvements	52,508								52,508
26	393	Office Furniture & Equipment	261,748								261,748
27	394	Warehouse Equipment	235								235
28	395	Tools, Shops, and Garage Equipment	58,727								58,727
29	386	Laboratory Equipment	547								547
30	387	Power Operated Equipment	3,810								3,810
31	388	Communications Equipment	113,536								113,536
32	0.000	Miscellaneous Equipment	12,340								12,340
33		Intentionally Left Blank									
34		Subtotal Plant in Service	\$ 10,905,405	\$	\$	\$	\$	\$	\$	\$	\$ 10,905,405
35		Add:									
36	Other 1	Construction Work in Progress									
37	Other 2	General Office Plant Allocation									
38	Less:										
39	Other 3	Post Test Year Plant									
40	Other 4	General Office Plant Allocation									
41		Total Plant in Service:	\$ 10,905,405	\$	\$	\$	\$	\$	\$	\$	\$ 10,905,405
42		Less: Accumulated Depreciation	3,542,894								3,542,894
43		Intentionally Left Blank									
44		Net Plant in Service (L59 - L 60)	\$ 7,362,511	\$	\$	\$	\$	\$	\$	\$	\$ 7,362,511
45		LESS:									
46		Contributions in Aid of Construction (CIAC)									
47		Less: Accumulated Amortization	2,543,592								2,543,592
48		Net CIAC (L25 - L26)	613,170								613,170
49		Advances in Aid of Construction (AIAC)	1,930,422								1,930,422
50		Customer Deposits	6,935								6,935
51		Deferred Income Tax Credits	764,684								764,684
52		ADD:									
53		Unamortized Finance Charges									
54		Deferred Tax Assets									
55		Working Capital	75,318								75,318
56		Regulatory Asset (Liability)									
57		Original Cost Rate Base	\$ 3,315,094	\$	\$	\$	\$	\$	\$	\$	\$ 3,315,094

ADJ #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset(Liability)	BKB-8

References
 Column [A] Schedule B-2

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSIT

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 6,935</u>	<u>\$ 6,935</u>	<u>\$ 13,870</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	\$ 75,318	\$ -	\$ 75,318

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 7,019,069
2	Adjusted Operating Income (Loss)	\$ 584,358
3	Current Rate of Return (L2 / L1)	8.33%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 568,545
6	Operating Income Deficiency (L5 - L2)	\$ (15,814)
7	Gross Revenue Conversion Factor	1.6520
8	Required Revenue Increase (L7 * L6)	\$ (26,125)
9	Adjusted Test Year Revenue	\$ 2,588,944
10	Proposed Annual Revenue (L8 + L9)	\$ 2,562,819
11	Required Increase in Revenue (%)	-1.01%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedule BKB-1, DCP-1, AII-2, AII-3
- Column (D): Staff Schedule BKB-1, DCP-1, AII-2, AII-3
- Column (D): Staff Schedule BKB-1, DCP-1, AII-2, AII-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.4674%			
5	Subtotal (L3 - L4)	60.5326%			
6	Revenue Conversion Factor (L1 / L5)	1.652002361			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.4145%			
22	Effective Property Tax Factor (L 21 * L 22)	0.008685188			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.4674%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 568,545			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 40)	\$ 584,358			
26	Required Increase in Operating Income (L24 - L25)		\$ (15,814)		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 200,324			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 210,266			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (9,941)		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 2,562,819			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-11, L19)	\$ 109,492			
36	Property Tax on Test Year Revenue (All-11, L 16)	\$ 109,862			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ (370)		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ (26,125)		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.(C), Line 5 & Sch. All-1, Col. (B), Line 10)	\$ 2,588,944	\$ (26,125)	\$ 2,562,819	
40	Operating Expenses Excluding Income Taxes	\$ 1,794,320		\$ 1,793,950	
41	Synchronized Interest (L47)	\$ 249,879		\$ 249,879	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 544,745		\$ 518,990	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)	\$ 37,958		\$ 36,163	
45	Federal Taxable Income (L33 - L35)	\$ 506,787		\$ 482,827	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500		\$ 7,500	
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 6,250		\$ 6,250	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500		\$ 8,500	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 91,650		\$ 91,650	
50	Federal Tax on Fifth Income Bracket (\$335,001-\$10,000,000) @ 34%	\$ 58,408		\$ 50,261	
51	Total Federal Income Tax	\$ 172,308		\$ 164,161	
52	Combined Federal and State Income Tax (L35 + L42)	\$ 210,266		\$ 200,324	
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 7,019,069			
55	Weighted Average Cost of Debt (Schedule DCPI-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 249,879			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 2,563,365	\$ -	\$ 2,563,365	\$ (26,125)	\$ 2,537,240
3	Miscellaneous	25,579	-	25,579	-	25,579
4	Total Operating Revenues	<u>\$ 2,588,944</u>	<u>\$ -</u>	<u>\$ 2,588,944</u>	<u>\$ (26,125)</u>	<u>\$ 2,562,819</u>
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ 1,233	\$ -	\$ 1,233	\$ -	\$ 1,233
9	Other	5,184	-	5,184	-	5,184
10	Pumping Expenses					
11	Purchased Power	181,940	-	181,940	-	181,940
12	Purchased Gas	-	-	-	-	-
13	Other	53,677	-	53,677	-	53,677
14	Water Treatment Expenses	28,463	-	28,463	-	28,463
15	Transmission and Distribution Expenses	267,008	-	267,008	-	267,008
16	Customer Accounting Expenses	275,893	-	275,893	-	275,893
17	Sales Expense	686	-	686	-	686
18	Administrative and General Expenses	409,739	-	409,739	-	409,739
19	Total Operation and Maintenance Expense	<u>\$ 1,223,823</u>	<u>-</u>	<u>\$ 1,223,823</u>	<u>-</u>	<u>\$ 1,223,823</u>
20						
21	Depreciation and Amortization Expenses	425,518	-	425,518	-	425,518
22						
23	Taxes					
24	Federal Income Taxes	172,308	-	172,308	(8,147)	164,161
25	State Income Taxes	37,958	-	37,958	(1,795)	36,163
26	Property Taxes	109,862	-	109,862	(370)	109,492
27	Other	35,117	-	35,117	-	35,117
28	Total Taxes	<u>\$ 355,244</u>	<u>\$ -</u>	<u>\$ 355,244</u>	<u>\$ (10,311)</u>	<u>\$ 344,934</u>
29	Total Operating Expenses	<u>\$ 2,004,586</u>	<u>\$ -</u>	<u>\$ 2,004,586</u>	<u>\$ (10,311)</u>	<u>\$ 1,994,275</u>
30	Operating Income (Loss)	<u>\$ 584,358</u>	<u>\$ -</u>	<u>\$ 584,358</u>	<u>\$ (15,814)</u>	<u>\$ 568,545</u>

References:

Column [A]: Company Schedule C-1 Pg. 9 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 2,158,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,158,058
3	Commercial	374,740	-	-	-	-	-	-	-	-	374,740
4	Industrial	5,354	-	-	-	-	-	-	-	-	5,354
5	Private Fire Service	1,557	-	-	-	-	-	-	-	-	1,557
6	Other Water Revenues	23,656	-	-	-	-	-	-	-	-	23,656
7	Total Water Revenues	\$ 2,583,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,583,365
8											
9	Miscellaneous	25,579	-	-	-	-	-	-	-	-	25,579
10	Total Operating Revenues	\$ 2,588,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,588,944
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ 1,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233
15	Other	5,184	-	-	-	-	-	-	-	-	5,184
16	Pumping Expenses										
17	Purchased Power	181,940	-	-	-	-	-	-	-	-	181,940
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	53,677	-	-	-	-	-	-	-	-	53,677
20	Water Treatment Expenses	28,463	-	-	-	-	-	-	-	-	28,463
21	Transmission and Distribution Expenses	267,008	-	-	-	-	-	-	-	-	267,008
22	Customer Accounting Expenses	275,893	-	-	-	-	-	-	-	-	275,893
23	Sales Expense	686	-	-	-	-	-	-	-	-	686
24	Administrative and General Expenses	409,739	-	-	-	-	-	-	-	-	409,739
25	Total Operation and Maintenance Expense	\$ 1,223,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,823
26											
27	Depreciation and Amortization Expenses	425,518	-	-	-	-	-	-	-	-	425,518
28											
29	Taxes										
30	Federal Income Taxes	172,308	-	-	-	-	-	-	-	-	172,308
31	State Income Taxes	37,958	-	-	-	-	-	-	-	-	37,958
32	Property Taxes	109,862	-	-	-	-	-	-	-	-	109,862
33	Other	35,117	-	-	-	-	-	-	-	-	35,117
34	Total Taxes	\$ 355,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,244
35											
36	Total Operating Expenses	\$ 2,004,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,004,586
37	Operating Income (Income)	\$ 584,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 584,358

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 1,233	\$ -	\$ 1,233
2	Other	5,184	-	5,184
3	Total Source of Supply Expenses	<u>\$ 6,417</u>	<u>\$ -</u>	<u>\$ 6,417</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 181,940	\$ -	\$ 181,940
2	Purchased Gas	-	-	-
3	Other	53,677	-	53,677
4	Total Pumping Expenses	<u>\$ 235,617</u>	<u>\$ -</u>	<u>\$ 235,617</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 28,463	\$ -	\$ 28,463
2				
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6		Company		Staff
7	<u>Operations Ledger</u>	<u>Recorded</u>	<u>Adjustment</u>	<u>Recommended</u>
7	640 Water Treatment - Operations & Supervision	\$ 1,285	\$ -	\$ 1,285
8	641 Water Treatment - Operations Chemicals	7,672	-	6,010
9	642 Water Treatment - Operations Labor & Expense	10,326	-	10,326
10				
11	<u>Maintenance Ledger</u>			
12	650 Water Treatment - Maintenance & Supervision	6,418	-	6,418
13	651 Water Treatment - Maint Struct & Improvemt	-	-	-
14	652 Water Treatment - Maintenance & Equipment	5,252	-	5,252
15	Company Adjustments JMR-3.JMR-4 & JMR-7	(2,490)	-	(2,490)
16	Total	\$ 28,463	\$ -	\$ 26,801

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 -TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 267,008	\$ (23,439)	\$ 243,569
2				
3	Normalization of Three Year Actual Tank Maintanance Expense			
4		Year		Expense
5	Tank Maintenance expense	2005		-
6	Tank Maintenance expense	2006		-
7	Tank Maintenance expense	2007		-
8	Total			-
9				
10	Normalized Three Year Average(2004 cost adopted. No cost for 2005 - 2007)			3,309
11	Company Proposed			\$ 26,748
12	Staff Adjsutment			(23,439)

References:

- Col [A]: Company Schedule C-1 Page 9
- Col [B]: All Testimony
- Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE AND GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	<u>\$ 409,739</u>	<u>\$ (96,920)</u>	<u>\$ 312,819</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]: All Testimony Reversal of JMR-7 "Conservation Recovery Revenue expense".

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expense	\$ 425,518	\$ -	\$ 425,518

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 40	\$ 40	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	1,727	1,727	0.00%	-
4	310	Water Rights	220,859	220,859	0.00%	-
5	310	Other Source of Supply Land	14,338	14,338	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	1,181,737	1,181,737	3.13%	36,988
8	320	Pumping Plant Land	7,953	7,953	0.00%	-
9	321	Pumping Plant Structures & Improvements	110,147	110,147	2.86%	3,150
10	325	Electric Pumping Equipment	2,066,418	2,066,418	5.88%	121,505
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	397	397	2.50%	10
14	332	Water Treatment Equipment	71,947	71,947	2.86%	2,058
15	340	Transmission and Distribution - Land	23,558	23,558	0.00%	-
16	342	Storage Tanks	673,013	673,013	2.00%	13,460
17	343	Transmission and Distribution Mains	6,911,952	6,911,952	1.79%	123,724
18	344	Fire Sprinkler Taps	79,166	79,166	2.00%	1,583
19	345	Services	2,528,006	2,528,006	2.38%	60,167
20	346	Meters	325,313	325,313	4.55%	14,802
21	348	Hydrants	610,863	610,863	1.82%	11,118
22	389	General Plant Land	1,995	1,995	0.00%	-
23	390	General Plant Structures	104,383	104,383	2.50%	2,610
24	390	Leasehold Improvements	A 136,137	136,137	33.33%	45,374
25	391	Office Furniture & Equipment	408,013	408,013	6.67%	27,214
26	393	Warehouse Equipment	3,877	3,877	5.00%	194
27	394	Tools, Shops, and Garage Equipment	72,767	72,767	4.00%	2,911
28	395	Laboratory Equipment	640	640	5.00%	32
29	396	Power Operated Equipment	4,908	4,908	6.67%	327
30	397	Communications Equipment	145,758	145,758	6.67%	9,722
31	398	Miscellaneous Equipment	24,883	24,883	3.33%	829
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 15,730,795	\$ 15,730,795		\$ 477,778
34		Less: Non- depreciable Account(s)	262,517	262,517		
35		Depreciable Plant (L29-L30)	\$ 15,468,278	\$ 15,468,278		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 1,691,940			
37		Composite Depreciation/Amortization Rate	3.0888%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 52,260
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 425,518

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 172,308	\$ -	\$ 172,308
2	State Income Taxes	37,958	-	37,958
3	Federal and State Income Taxes	<u>\$ 210,266</u>	<u>\$ -</u>	<u>\$ 210,266</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 2,588,944	\$ 2,588,944
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	5,177,888	\$ 5,177,888
4	Staff Recommended Revenue, Per Schedule All-1	2,588,944	\$ 2,562,819
5	Subtotal (Line 4 + Line 5)	7,766,832	7,740,707
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,588,944	\$ 2,580,236
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	5,177,888	\$ 5,160,472
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	5,177,888	\$ 5,160,471.61
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	1,165,025	\$ 1,161,106
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 11)	9.4300%	9.4300%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 109,862	
17	Company Proposed Property Tax	116,684	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (6,822)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 109,492
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 109,862
21	Increase/(Decrease) to Property Tax Expense		\$ (370)
22	Decrease to Property Tax Expense		\$ (370)
23	Increase in Revenue Requirement		\$ (26,125)
24	Decrease to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.4145%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 15,730,795	\$ -		\$ 15,730,795
2	Less: Accumulated Depreciation	3,880,765	-		3,880,765
3	Net Plant in Service	<u>\$ 11,850,030</u>	<u>\$ -</u>		<u>\$ 11,850,030</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 1,691,940	\$ -		\$ 1,691,940
5	Less: Accumulated Amortization	370,501	-		370,501
6	Net CIAC	<u>\$ 1,321,439</u>	<u>\$ -</u>		<u>\$ 1,321,439</u>
7	Advances in Aid of Construction (AIAC)	2,366,968	-		2,366,968
8	Customer Deposits	8,300	-		8,300
9	Deferred Income Tax Credits	1,188,230	-		1,188,230
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	53,976	-		53,976
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 7,019,069</u>	<u>\$ -</u>		<u>\$ 7,019,069</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 1,181,737	\$ (313,824)	\$ 867,913
2					
3					
4		Calculation of Plant Not Used and Useful			
5					
6		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
7		Well No. 1	55-616581	\$ 313,824.00	
8		Total		\$ 313,824.00	

References:
Col [A]: Company Schedule B-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 3,880,765	\$ (207,265)	\$ 3,673,500
2					
3		Accumulated Depreciation Associated With Wells Not Used & Useful			
4					
5		AWC Well ID	AWR Well ID	Accum Depr	
6		Well # 1	55-616581	\$ 207,265	
7		Total		\$ 207,265	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Lakeside Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Lakeside

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	\$ 8,300	\$ -	\$ 8,300

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Lakeside Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Lakeside

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 53,976</u>	<u>\$ -</u>	<u>\$ 53,976</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[D] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 21,653,915
2	Adjusted Operating Income (Loss)	\$ 572,725
3	Current Rate of Return (L2 / L1)	2.64%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 1,753,967
6	Operating Income Deficiency (L5 - L2)	\$ 1,181,242
7	Gross Revenue Conversion Factor	1.6432
8	Required Revenue Increase (L7 * L6)	\$ 1,941,047
9	Adjusted Test Year Revenue	\$ 5,076,568
10	Proposed Annual Revenue (L8 + L9)	\$ 7,017,615
11	Required Increase in Revenue (%)	38.24%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF POST HEARING ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Residential	\$ 5,032,680	\$ -	\$ 5,032,680	\$ 1,941,047	\$ 6,973,727
3	Miscellaneous	43,888	-	43,888	-	43,888
4	Total Operating Revenues	\$ 5,076,568	\$ -	\$ 5,076,568	\$ 1,941,047	\$ 7,017,615
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	11,911	-	11,911	-	11,911
10	Pumping Expenses					
11	Purchased Power	647,081	-	647,081	-	647,081
12	Purchased Gas	2,626	-	2,626	-	2,626
13	Other	209,853	-	209,853	-	209,853
14	Water Treatment Expenses	555,336	-	555,336	-	555,336
15	Transmission and Distribution Expenses	647,023	-	647,023	-	647,023
16	Customer Accounting Expenses	517,847	-	517,847	-	517,847
17	Sales Expense	4,563	-	4,563	-	4,563
18	Administrative and General Expenses	843,590	-	843,590	-	843,590
19	Total Operation and Maintenance Expense	\$ 3,439,829	-	\$ 3,439,829	-	\$ 3,439,829
20						
21	Depreciation and Amortization Expenses	918,372	32,571	950,943	-	950,943
22						
23	Taxes					
24	Federal Income Taxes	(85,385)	(13,845)	(99,230)	605,669	506,439
25	State Income Taxes	(18,810)	(3,464)	(22,274)	133,838	111,564
26	Property Taxes	160,952	-	160,952	20,299	181,251
27	Other	73,622	-	73,622	-	73,622
28	Total Taxes	\$ 130,380	\$ (17,308)	\$ 113,071	\$ 759,805	\$ 872,876
29	Total Operating Expenses	\$ 4,488,580	\$ 15,262	\$ 4,503,843	\$ 759,805	\$ 5,263,648
30	Operating Income (Loss)	\$ 587,988	\$ (15,262)	\$ 572,725	\$ 1,181,242	\$ 1,753,967

587987

574606

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

Arizona Water Company - Sedona, Rimrock & Pinewood Water Systems
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule All-3
Consolidated Sedona
Rimrock
Pinewood

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 44,722,411	\$ (858,556)		\$ 43,863,855
2	Less: Accumulated Depreciation	9,599,829	(410,587)		\$ 9,189,242
3	Net Plant in Service	<u>\$ 35,122,582</u>	<u>\$ (447,970)</u>		<u>\$ 34,674,612</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	7,440,704	-		7,440,704
5	Less: Accumulated Amortization	1,644,818	-		1,644,818
6	Net CIAC	<u>5,795,886</u>	-		<u>5,795,886</u>
7	Advances in Aid of Construction (AIAC)	4,981,322	-		4,981,322
8	Customer Deposits	-	29,956		29,956
9	Deferred Income Tax Credits	2,468,453	-		2,468,453
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	362,449	(107,530)		254,919
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 22,239,370</u>	<u>\$ (585,455)</u>		<u>\$ 21,653,915</u>

References:

Column (A), Company Schedule B-1 (TAB RB SUM XXX-4)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. [BS] (TAB RB SUM XXX-4)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 17,509,568
2	Adjusted Operating Income (Loss)	\$ 513,290
3	Current Rate of Return (L2 / L1)	2.93%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 1,418,275
6	Operating Income Deficiency (L5 - L2)	\$ 904,985
7	Gross Revenue Conversion Factor	1.6445
8	Required Revenue Increase (L7 * L6)	\$ 1,488,266
9	Adjusted Test Year Revenue	\$ 3,521,124
10	Proposed Annual Revenue (L8 + L9)	\$ 5,009,390
11	Required Increase in Revenue (%)	42.27%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.1920%			
5	Subtotal (L3 - L4)	60.8080%			
6	Revenue Conversion Factor (L1 / L5)	1.644520859			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 + L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	0.9660%			
22	Effective Property Tax Factor (L 21 * L 22)	0.005931348			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.1920%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 1,418,275			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 513,290			
26	Required Increase in Operating Income (L24 - L25)		\$ 904,985		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 499,723			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (69,181)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 568,905		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 5,009,390			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 116,419			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 102,042			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 14,377		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 1,488,266		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 3,521,124	\$ 1,488,266	\$ 5,009,390	
40	Operating Expenses Excluding Income Taxes	\$ 3,077,015		\$ 3,091,392	
41	Synchronized Interest (L47)	\$ 623,341		\$ 623,341	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (179,232)		\$ 1,294,658	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (12,489)		\$ 90,212
45	Federal Taxable Income (L33 - L35)	\$ (166,743)		\$ 1,204,446	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (56,693)		\$ 409,512	
51	Total Federal Income Tax		\$ (56,693)		\$ 409,512
52	Combined Federal and State Income Tax (L35 + L42)		\$ (69,181)		\$ 499,723
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [C], Line (17))	\$ 17,509,568			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 623,341			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 3,492,557	\$ -	\$ 3,492,557	\$ 1,488,266	\$ 4,980,823
3	Miscellaneous	28,567	-	28,567	-	28,567
4	Total Operating Revenues	\$ 3,521,124	\$ -	\$ 3,521,124	\$ 1,488,266	\$ 5,009,390
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	7,247	-	7,247	-	7,247
10	Pumping Expenses					
11	Purchased Power	518,834	-	518,834	-	518,834
12	Purchased Gas	2,626	-	2,626	-	2,626
13	Other	129,182	-	129,182	-	129,182
14	Water Treatment Expenses	319,722	-	319,722	-	319,722
15	Transmission and Distribution Expenses	402,590	-	402,590	-	402,590
16	Customer Accounting Expenses	323,108	-	323,108	-	323,108
17	Sales Expense	2,838	-	2,838	-	2,838
18	Administrative and General Expenses	529,443	-	529,443	-	529,443
19	Total Operation and Maintenance Expense	\$ 2,235,589	-	\$ 2,235,589	-	\$ 2,235,589
20						
21	Depreciation and Amortization Expenses	658,967	32,571	691,538	-	691,538
22						
23	Taxes					
24	Federal Income Taxes	(40,967)	(15,726)	(56,693)	466,204	409,512
25	State Income Taxes	(9,025)	(3,464)	(12,489)	102,701	90,212
26	Property Taxes	102,042	-	102,042	14,377	116,419
27	Other	47,845	-	47,845	-	47,845
28	Total Taxes	\$ 99,896	\$ (19,190)	\$ 80,706	\$ 583,281	\$ 663,988
29	Total Operating Expenses	\$ 2,994,453	\$ 13,381	\$ 3,007,834	\$ 583,281	\$ 3,591,115
30	Operating Income (Loss)	\$ 526,671	\$ (13,381)	\$ 513,290	\$ 904,985	\$ 1,418,275

References:

Column [A]: Company Schedule C-1 Pg. 10 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] STAFF SURREBITUAL TEST YEAR AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] ADJ #8	[J] STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 2,500,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500,263
3	Commercial	957,571	-	-	-	-	-	-	-	-	957,571
4	Industrial	315	-	-	-	-	-	-	-	-	315
5	Private Fire Service	7,692	-	-	-	-	-	-	-	-	7,692
6	Other Water Revenues	26,716	-	-	-	-	-	-	-	-	26,716
7	Total Water Revenues	\$ 3,492,557	\$ -	\$ -	\$ -	\$ 3,492,557					
8											
9	Miscellaneous	28,567	-	-	-	-	-	-	-	-	28,567
10	Total Operating Revenues	\$ 3,521,124	\$ -	\$ -	\$ -	\$ 3,521,124					
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	7,247	-	-	-	-	-	-	-	-	7,247
16	Pumping Expenses										
17	Purchased Power	518,834	-	-	-	-	-	-	-	-	518,834
18	Purchased Gas	2,626	-	-	-	-	-	-	-	-	2,626
19	Other	129,182	-	-	-	-	-	-	-	-	129,182
20	Water Treatment Expenses	319,722	-	-	-	-	-	-	-	-	319,722
21	Transmission and Distribution Expenses	402,590	-	-	-	-	-	-	-	-	402,590
22	Customer Accounting Expenses	323,108	-	-	-	-	-	-	-	-	323,108
23	Sales Expense	2,838	-	-	-	-	-	-	-	-	2,838
24	Administrative and General Expenses	529,443	-	-	-	-	-	-	-	-	529,443
25	Total Operation and Maintenance Expense	\$ 2,235,589	\$ -	\$ -	\$ -	\$ 2,235,589					
26											
27	Depreciation and Amortization Expenses	658,967	-	-	-	-	-	32,571	-	-	691,538
28											
29	Taxes										
30	Federal Income Taxes	(40,987)	-	-	-	-	-	(15,726)	-	-	(56,693)
31	State Income Taxes	(9,025)	-	-	-	-	-	(3,464)	-	-	(12,489)
32	Property Taxes	102,042	-	-	-	-	-	-	-	-	102,042
33	Other	47,845	-	-	-	-	-	-	-	-	47,845
34	Total Taxes	\$ 99,896	\$ -	\$ (19,190)	\$ -	\$ -	\$ 80,706				
35											
36	Total Operating Expenses	\$ 2,994,453	\$ -	\$ 13,381	\$ -	\$ -	\$ 3,007,834				
37	Operating Income (Income)	\$ 526,671	\$ -	\$ (13,381)	\$ -	\$ -	\$ 513,290				

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule AII-5
2	Pumping Expense	Schedule AII-6
3	Water Treatment Expenses	Schedule AII-7
4	Transmission & Distribution Expense	Schedule AII-8
5	General & Administrative	Schedule AII-9
6	Depreciation Expenses	Schedule AII-10
7	Income Taxes	Schedule AII-11
8	Property Taxes	Schedule AII-12

Arizona Water Company - Sedona Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule All-5
Sedona

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	7,247	-	7,247
3	Total Source of Supply Expenses	<u>\$ 7,247</u>	<u>\$ -</u>	<u>\$ 7,247</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 518,834	\$ -	\$ 518,834
2	Purchased Gas	2,626	-	2,626
3	Other	129,182	-	129,182
4	Total Pumping Expenses	<u>\$ 650,641</u>	<u>\$ -</u>	<u>\$ 650,641</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 319,722	\$ -	\$ 319,722
2				
3	Calculation of Water Treatment Expense Adjustment			
4	Acct.	Company	Staff	Staff
5	No. <u>Operations Ledger</u>	Recorded	Adjustment	Recommended
6	640 Water Treatment - Operations & Supervision	2,889	\$ -	\$ 2,889
7	641 Water Treatment - Operations Chemicals	8,650	-	8,650
8	642 Water Treatment - Operations Labor & Expense	195,840	-	195,840
9				
10	<u>Maintenance Ledger</u>			
11	650 Water Treatment - Maintenance & Supervision	1,444	-	1,444
12	651 Water Treatment - Maint Struct & Improvemt	-	-	-
13	652 Water Treatment - Maintenance & Equipment	43,209	-	43,209
14	Company Adjustment JMR-3, JMR-7 & JMR-14	67,690	-	67,690
15	Total	319,722	\$ -	\$ 319,722

References:

Col [A]: Company Schedule C-1 Page 3
Col [B]:
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 402,590	\$ 2,397	\$ 404,987
2				
3				
4	Normalization of Three Year Actual Tank Maintanance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		26,689
7	Tank Maintenance expense	2006		100,044
8	Tank Maintenance expense	2007		6,184
9	Total			\$ 132,917
10				
11	Normalized Three Year Average			\$ 44,306
12	Company Proposed			\$ 41,909
13	Staff Adjustment			\$ 2,397
14				
15				

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE AND GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	\$ 529,443	\$ (111,634)	\$ 417,809

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]: All Testimony Reverses JMR-7 "Conservation Revenue Recovery Expense".

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expense	\$ 658,967	\$ 32,571	\$ 691,538

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 55	\$ 55	0.00%	\$ -
2	302	Franchise Cost	935	935	0.00%	-
3	303	Other Intangibles	2,297	2,297	0.00%	-
4	310	Water Rights	86,669	86,669	0.00%	-
5	310	Other Source of Supply Land	495,853	495,853	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	4,599,238	4,599,238	3.13%	143,956
8	320	Pumping Plant Land	3,805	3,805	0.00%	-
9	321	Pumping Plant Structures & Improvements	70,727	70,727	2.86%	2,023
10	325	Electric Pumping Equipment	2,184,914	2,184,914	5.88%	128,473
11	328	Gas Engine Equipment	223	223	4.00%	9
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	175,915	175,915	2.50%	4,398
14	332	Water Treatment Equipment	1,121,209	1,121,209	2.86%	32,067
15	340	Transmission and Distribution - Land	112,947	112,947	0.00%	-
16	342	Storage Tanks	1,272,723	1,272,723	2.00%	25,454
17	343	Transmission and Distribution Mains	16,783,001	16,783,001	1.79%	300,416
18	344	Fire Sprinkler Taps	620,948	620,948	2.00%	12,419
19	345	Services	2,864,133	2,864,133	2.38%	68,166
20	346	Meters	563,966	563,966	4.55%	25,660
21	348	Hydrants	1,456,462	1,456,462	1.82%	26,508
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	140,328	140,328	2.50%	3,508
24	390	Leasehold Improvements	A 161,155	161,155	20.00%	32,231
25	391	Office Furniture & Equipment	513,006	513,006	6.67%	34,218
26	393	Warehouse Equipment	26,271	26,271	5.00%	1,314
27	394	Tools, Shops, and Garage Equipment	102,399	102,399	4.00%	4,096
28	395	Laboratory Equipment	11,864	11,864	5.00%	593
29	396	Power Operated Equipment	19,970	19,970	6.67%	1,332
30	397	Communications Equipment	160,471	160,471	6.67%	10,703
31	398	Miscellaneous Equipment	30,738	30,738	3.33%	1,024
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 33,582,222	\$ 33,582,222		\$ 858,567
34		Less: Non- depreciable Account(s)	702,561	702,561		
35		Depreciable Plant (L29-L30)	\$ 32,879,661	\$ 32,879,661		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 6,396,542			
37		Composite Depreciation/Amortization Rate	2.6112%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 167,029
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 691,538

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (40,967)	\$ (15,726)	\$ (56,693)
2	State Income Taxes	(9,025)	(3,464)	(12,489)
3	Federal and State Income Taxes	<u>\$ (49,991)</u>	<u>\$ (19,190)</u>	<u>\$ (69,181)</u>

References:

Col [A]: Company Schedule C-1 Page 10

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 3,521,124	\$ 3,521,124
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	7,042,248	\$ 7,042,248
4	Staff Recommended Revenue, Per Schedule All-1	3,521,124	\$ 5,009,390
5	Subtotal (Line 4 + Line 5)	10,563,372	12,051,638
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,521,124	\$ 4,017,213
8	Department of Revenue Mutiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	7,042,248	\$ 8,034,425
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	7,042,248	\$ 8,034,425.33
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	1,584,506	\$ 1,807,746
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	6.4400%	6.4400%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 102,042	
17	Company Proposed Property Tax	125,837	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (23,795)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 116,419
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 102,042
21	Increase/(Decrease) to Property Tax Expense		\$ 14,377
22	Decrease to Property Tax Expense		\$ 14,377
23	Increase in Revenue Requirement		\$ 1,488,266
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		0.9660%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] STAFF POST HEARING ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 32,505,736	\$ 1,076,486		\$ 33,582,222
2	Less: Accumulated Depreciation	5,212,875	594,855		5,807,730
3	Net Plant in Service	<u>\$ 27,292,861</u>	<u>\$ 481,631</u>		<u>\$ 27,774,492</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 6,396,542	\$ -		\$ 6,396,542
5	Less: Accumulated Amortization	1,279,254	-		1,279,254
6	Net CIAC	<u>\$ 5,117,288</u>	<u>\$ -</u>		<u>\$ 5,117,288</u>
7	Advances in Aid of Construction (AIAC)	3,651,412	-		3,651,412
8	Customer Deposits	18,576	-		18,576
9	Deferred Income Tax Credits	1,619,443	-		1,619,443
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	141,793	-		141,793
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u><u>\$ 17,027,937</u></u>	<u><u>\$ 481,631</u></u>		<u><u>\$ 17,509,568</u></u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF SURREBTOTAL FILED	[B] ADJ.#1	[C] ADJ.#2	[D] ADJ.#3	[E] ADJ.#4	[F] ADJ.#5	[G] ADJ.#6	[H] ADJ.#	[I] STAFF FINAL ADJUSTED
PLANT IN SERVICE:											
1	301	Organization Cost	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55
2	302	Franchise Cost	935	-	-	-	-	-	-	-	935
3	303	Other Intangibles	2,297	-	-	-	-	-	-	-	2,297
4	310.1	Water Rights	86,669	-	-	-	-	-	-	-	86,669
5	310.3	Other Source of Supply Land	485,853	-	-	-	-	-	-	-	485,853
6	310.4	Wells - Other	-	-	-	-	-	-	-	-	-
7	314	Wells	3,522,752	1,076,486	-	-	-	-	-	-	4,599,238
8	320	Pumping Plant Land	3,805	-	-	-	-	-	-	-	3,805
9	321	Pumping Plant Structures & Improvements	70,727	-	-	-	-	-	-	-	70,727
10	325	Electric Pumping Equipment	2,184,914	-	-	-	-	-	-	-	2,184,914
11	328	Gas Engine Equipment	223	-	-	-	-	-	-	-	223
12	330	Water Treatment Plant - Land	175,915	-	-	-	-	-	-	-	175,915
13	331	Water Treatment Structures and Improvements	1,121,209	-	-	-	-	-	-	-	1,121,209
14	332	Water Treatment Equipment	112,947	-	-	-	-	-	-	-	112,947
15	340	Transmission and Distribution - Land	1,272,723	-	-	-	-	-	-	-	1,272,723
16	342	Storage Tanks	16,783,001	-	-	-	-	-	-	-	16,783,001
17	343	Transmission and Distribution Mains	620,948	-	-	-	-	-	-	-	620,948
18	344	Fire Sprinkler Taps	2,884,133	-	-	-	-	-	-	-	2,884,133
19	345	Services	563,966	-	-	-	-	-	-	-	563,966
20	346	Meters	1,456,462	-	-	-	-	-	-	-	1,456,462
21	348	Hydrants	-	-	-	-	-	-	-	-	-
22	389	General Plant Land	140,328	-	-	-	-	-	-	-	140,328
23	390	General Plant Structures	161,155	-	-	-	-	-	-	-	161,155
24	390.1	Leasehold Improvements	513,006	-	-	-	-	-	-	-	513,006
25	391	Office Furniture & Equipment	26,271	-	-	-	-	-	-	-	26,271
26	393	Warehouse Equipment	102,399	-	-	-	-	-	-	-	102,399
27	394	Tools, Shops, and Garage Equipment	11,864	-	-	-	-	-	-	-	11,864
28	395	Laboratory Equipment	19,970	-	-	-	-	-	-	-	19,970
29	396	Power Operated Equipment	160,471	-	-	-	-	-	-	-	160,471
30	397	Communications Equipment	30,738	-	-	-	-	-	-	-	30,738
31	0.000	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
		Intentionally Left Blank	-	-	-	-	-	-	-	-	-
		Subtotal Plant in Service	\$ 32,505,736	\$ 1,076,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,582,222
32											
33	Add:										
34	Other 1	Construction Work in Progress	-	-	-	-	-	-	-	-	-
35	Other 2	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
36	Less:										
37	Other 3	Post Test Year Plant	-	-	-	-	-	-	-	-	-
38	Other 4	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
39											
40	Total Plant in Service:		\$ 32,505,736	\$ 1,076,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,582,222
41	Less: Accumulated Depreciation		5,212,875	-	594,855	-	-	-	-	-	5,807,730
42	Intentionally Left Blank		-	-	-	-	-	-	-	-	-
43	Net Plant in Service (L59 - L 60)		\$ 27,292,861	\$ 1,076,486	\$ (594,855)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,774,492
44											
45	LESS:										
46	Contributions in Aid of Construction (CIAC)		\$ 6,396,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,396,542
47	Less: Accumulated Amortization		1,279,254	-	-	-	-	-	-	-	1,279,254
48	Net CIAC (L25 - L26)		\$ 5,117,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,117,288
49	Advances in Aid of Construction (AIAC)		3,651,412	-	-	-	-	-	-	-	3,651,412
50	Customer Deposits		18,576	-	-	-	-	-	-	-	18,576
51	Deferred Income Tax Credits		1,619,443	-	-	-	-	-	-	-	1,619,443
52											
53	ADD:										
54	Unamortized Finance Charges		-	-	-	-	-	-	-	-	-
55	Deferred Tax Assets		141,793	-	-	-	-	-	-	-	141,793
56	Working Capital		-	-	-	-	-	-	-	-	-
57	Regulatory Asset (Liability)		-	-	-	-	-	-	-	-	-
58	Original Cost Rate Base		\$ 17,027,937	\$ 1,076,486	\$ (594,855)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,509,568

ADJ #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
 Column [A] Schedule B-2

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 5,334,869	\$ (735,631)	\$ 4,599,238
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful</u>			
6					
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
8		Inactive	55-616660	45,969.00	
9		VV Well #1	55-616672	184,328.00	
10		SU	55-632272	78,804.00	
11		Total		\$309,101	
12					
13		<u>Valley Vista</u>			
14		Sunup Wellsite - 8'x12' Block Bldg		469.00	
15		Sunup Wellsite - Automatic Controls		555.00	
16		Sunup Wellsite - Fence		11,689.00	
17				\$12,713	
18					
19		<u>Post Test Year Plant</u>			
20		WA-1-4011 - Carroll Canyon Well		\$413,817	
21					
22					
23			Total	\$735,631	
24					
25					

* The \$745,631 Staff disallowance is a function of Staff's \$1,812,117 Direct Testimony disallowance with the \$973,264 and \$103,222 Sedona Golf Resort Well and Well #6 plant amounts added back to rate base. These amounts were conceded by Staff during the hearing and subsequently modified by Staff during direct examination.

References:
Col [A]: Company Schedule B-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	325	Electric Pumping Equipment	\$ 2,184,914	\$ (6,761)	\$ 2,178,153
2					
3					
4		<u>Not Used and Useful Plant</u>			
5					
6		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
7		Sunup Well Site / 5 HP Pump/Panel		\$6,761.00	
8		Total		<u>\$6,761.00</u>	

References:

Col [A]: Company Schedule B-1
 Col [B]: BKB Testimony
 Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 6,146,140	\$ (338,410)	\$ 5,807,730
2					
3					
4					
5		<u>Accumulated Depreciation Associated with Plant Not Used and Useful</u>			
6					
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Accum Depreciation</u>	
8		Inactive	55-616660	56,553.36	
9		VV Well #1	55-616672	159,932.19	
10		SU	55-632272	111,235.79	
11		Total		327,721.34	
12					
13		<u>Valley Vista</u>			
14		Sunup Well Site - 5 HP Pump / Panel		2,889.31	
15		Sunup Well Site - 8'x12' Block Bldg		309.75	
16		Sunup Well Site - Automatic Controls		639.67	
17		Sunup Well Site - Fence		5,600.78	
18		Total		9,439.51	
19					
20		<u>Post Test Year Plant</u>			
21		WA-1-4011 - Carroll Canyon Well		\$1,249	
22					
23					
24			Total	\$338,409.85	
25					
26					

* The \$338,409 Staff disallowance is a function of the \$933,265 Direct Testimony disallowance with the \$441,131 and \$153,723 Sedona Golf Resort Well and Well #6 A/D amounts added back in to rate base. These amounts were conceded at hearing and subsequently modified by Staff during direct examination.

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Sedona Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Sedona

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 18,576</u>	<u>\$ 18,576</u>	<u>\$ 37,151</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Sedona Water System
 Docket No. W-01445A-08-0440
 Test Year December 31, 2007

Final Schedule BKB-7
 Sedona

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Working Capital	\$ 141,793	\$ -	\$ 141,793

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 2,316,986
2	Adjusted Operating Income (Loss)	\$ (55,833)
3	Current Rate of Return (L2 / L1)	-2.41%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 187,676
6	Operating Income Deficiency (L5 - L2)	\$ 243,509
7	Gross Revenue Conversion Factor	1.6504
8	Required Revenue Increase (L7 * L6)	\$ 401,880
9	Adjusted Test Year Revenue	\$ 507,981
10	Proposed Annual Revenue (L8 + L9)	\$ 909,861
11	Required Increase in Revenue (%)	79.11%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.4075%			
5	Subtotal (L3 - L4)	60.5925%			
6	Revenue Conversion Factor (L1 / L5)	1.650370162			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.3170%			
22	Effective Property Tax Factor (L 21 * L 22)	0.008086528			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.4075%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 187,676			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ (55,833)			
26	Required Increase in Operating Income (L24 - L25)		\$ 243,509		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 66,127			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (86,952)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 153,078		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 909,861			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 25,363			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 20,070			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 5,293		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 401,880		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 507,981	\$ 401,880	\$ 909,861	
40	Operating Expenses Excluding Income Taxes	\$ 650,766		\$ 656,059	
41	Synchronized Interest (L47)	\$ 82,485		\$ 82,485	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (225,270)		\$ 171,318	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)				
45	Federal Taxable Income (L33 - L35)	\$ (209,573)	\$ (15,697)	\$ 159,381	\$ 11,937
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (71,255)		\$ 54,189	
51	Total Federal Income Tax		\$ (71,255)		\$ 54,189
52	Combined Federal and State Income Tax (L35 + L42)		\$ (86,952)		\$ 66,127
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [C], Line (17))	\$ 2,316,986			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 82,485			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 499,520	\$ -	\$ 499,520	\$ 401,880	\$ 901,400
3	Miscellaneous	8,461	-	8,461	-	8,461
4	Total Operating Revenues	\$ 507,981	\$ -	\$ 507,981	\$ 401,880	\$ 909,861
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	1,425	-	1,425	-	1,425
10	Pumping Expenses					
11	Purchased Power	43,401	-	43,401	-	43,401
12	Purchased Gas	-	-	-	-	-
13	Other	24,368	-	24,368	-	24,368
14	Water Treatment Expenses	201,774	-	201,774	-	201,774
15	Transmission and Distribution Expenses	69,470	-	69,470	-	69,470
16	Customer Accounting Expenses	61,306	-	61,306	-	61,306
17	Sales Expense	537	-	537	-	537
18	Administrative and General Expenses	98,752	-	98,752	-	98,752
19	Total Operation and Maintenance Expense	\$ 501,032	\$ -	\$ 501,032	-	\$ 501,032
20						
21	Depreciation and Amortization Expenses	121,243	\$ -	121,243	-	121,243
22						
23	Taxes					
24	Federal Income Taxes	(71,255)	\$ -	(71,255)	125,444	54,189
25	State Income Taxes	(15,697)	\$ -	(15,697)	27,634	11,937
26	Property Taxes	20,070	\$ -	20,070	5,293	25,363
27	Other	8,420	\$ -	8,420	-	8,420
28	Total Taxes	\$ (58,461)	\$ -	\$ (58,461)	\$ 158,371	\$ 99,910
29	Total Operating Expenses	\$ 563,814	\$ -	\$ 563,814	\$ 158,371	\$ 722,185
30	Operating Income (Loss)	\$ (55,833)	\$ -	\$ (55,833)	\$ 243,509	\$ 187,676

References:

Column [A]: Company Schedule C-1 Pg. 11 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] STAFF SURREBITTAL TEST YEAR AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] ADJ #8	[J] STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 471,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471,523
3	Commercial	17,845	-	-	-	-	-	-	-	-	17,845
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	51	-	-	-	-	-	-	-	-	51
6	Other Water Revenues	10,101	-	-	-	-	-	-	-	-	10,101
7	Total Water Revenues	\$ 499,520	\$ -	\$ 499,520							
8	Miscellaneous	8,461	-	-	-	-	-	-	-	-	8,461
9	Total Operating Revenues	\$ 507,981	\$ -	\$ 507,981							
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	1,425	-	-	-	-	-	-	-	-	1,425
16	Pumping Expenses										
17	Purchased Power	43,401	-	-	-	-	-	-	-	-	43,401
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	24,368	-	-	-	-	-	-	-	-	24,368
20	Water Treatment Expenses	201,774	-	-	-	-	-	-	-	-	201,774
21	Transmission and Distribution Expenses	69,470	-	-	-	-	-	-	-	-	69,470
22	Customer Accounting Expenses	61,306	-	-	-	-	-	-	-	-	61,306
23	Sales Expense	537	-	-	-	-	-	-	-	-	537
24	Administrative and General Expenses	98,752	-	-	-	-	-	-	-	-	98,752
25	Total Operation and Maintenance Expense	\$ 501,032	\$ -	\$ 501,032							
26	Depreciation and Amortization Expenses	121,243	-	-	-	-	-	-	-	-	121,243
27	Taxes										
28	Federal Income Taxes	(71,255)	-	-	-	-	-	-	-	-	(71,255)
29	States Income Taxes	(15,697)	-	-	-	-	-	-	-	-	(15,697)
30	Property Taxes	20,070	-	-	-	-	-	-	-	-	20,070
31	Other	8,420	-	-	-	-	-	-	-	-	8,420
32	Total Taxes	\$ (58,462)	\$ -	\$ (58,461)							
33	Total Operating Expenses	\$ 563,814	\$ -	\$ 563,814							
34	Operating Income (Income)	\$ (55,833)	\$ -	\$ (55,833)							

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	1,425	-	1,425
3	Total Source of Supply Expenses	<u>\$ 1,425</u>	<u>\$ -</u>	<u>\$ 1,425</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 43,401	\$ -	\$ 43,401
2	Purchased Gas	-	-	-
3	Other	24,368	-	24,368
4	Total Pumping Expenses	<u>\$ 67,769</u>	<u>\$ -</u>	<u>\$ 67,769</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 201,774	\$ -	\$ 201,774
2				
3				
4	Calculation of Water Treatment Expense Adjustment			
5	Acct.	Company	Staff	Staff
6	No. Operations Ledger	Recorded	Adjustment	Recommended
7	640 Water Treatment - Operations & Supervision	566	\$ -	\$ 566
8	641 Water Treatment - Operations Chemicals	2,079	-	2,079
9	642 Water Treatment - Operations Labor & Expense	167,256	-	167,256
10				
11	<u>Maintenance Ledger</u>			
12	650 Water Treatment - Maintenance & Supervision	284	-	284
13	651 Water Treatment - Maint Struct & Improvemt	-	-	-
14	652 Water Treatment - Maintenance & Equipment	8,473	-	8,473
15	Company Adjustment JMR-3, JMR-4, JMR-7 & JMR-14	23,116	-	23,116
16	Total	\$ 201,774	\$ -	\$ 201,774

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 69,470	\$ (3,719)	\$ 65,751
2				
3				
4				
5	<u>Normalization of Three Year Actual Tank Maintenance Expense</u>			
6		<u>Year</u>		<u>Expense</u>
7	Tank Maintenance expense	2005		-
8	Tank Maintenance expense	2006		-
9	Tank Maintenance expense	2007		-
10	Total			\$ -
11				
12	Normalized Three Year Average (2003 cost adopted. No cost from (2004-2007)			\$ 92
13	Company Proposed			\$ 3,811
14	Staff Adjustment			\$ (3,719)

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE AND GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative & General Expenses	<u>\$ 98,752</u>	<u>\$ (19,820)</u>	<u>\$ 78,932</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]: All Testimony, Reversal of JMR-7 "Conservation Revenue Recovery Expense".

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 121,243	\$ -	\$ 121,243

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 10	\$ 10	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	392	392	0.00%	-
4	310	Water Rights	14,202	14,202	0.00%	-
5	310	Other Source of Supply Land	13,011	13,011	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	508,148	508,148	3.13%	15,905
8	320	Pumping Plant Land	1,644	1,644	0.00%	-
9	321	Pumping Plant Structures & Improvements	4,633	4,633	2.86%	133
10	325	Electric Pumping Equipment	413,467	413,467	5.88%	24,312
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	36,630	36,630	2.50%	916
14	332	Water Treatment Equipment	336,138	336,138	2.86%	9,614
15	340	Transmission and Distribution - Land	3,431	3,431	0.00%	-
16	342	Storage Tanks	206,750	206,750	2.00%	4,135
17	343	Transmission and Distribution Mains	2,296,620	2,296,620	1.79%	41,109
18	344	Fire Sprinkler Taps	31,516	31,516	2.00%	630
19	345	Services	694,652	694,652	2.38%	16,533
20	346	Meters	71,768	71,768	4.55%	3,265
21	348	Hydrants	51,223	51,223	1.82%	932
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	48,697	48,697	2.50%	1,217
24	390	Leasehold Improvements	19,476	19,476	6.59%	1,283
25	391	Office Furniture & Equipment	66,254	66,254	6.67%	4,419
26	393	Warehouse Equipment	835	835	5.00%	42
27	394	Tools, Shops, and Garage Equipment	14,785	14,785	4.00%	591
28	395	Laboratory Equipment	296	296	5.00%	15
29	396	Power Operated Equipment	8,902	8,902	6.67%	594
30	397	Communications Equipment	36,519	36,519	6.67%	2,436
31	398	Miscellaneous Equipment	729	729	3.33%	24
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 4,880,730	\$ 4,880,730		\$ 128,106
34		Less: Non-depreciable Account(s)	19,679	19,679		
35		Depreciable Plant (L29-L30)	\$ 4,861,050	\$ 4,861,050		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 260,411			
37		Composite Depreciation/Amortization Rate	2.6354%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 6,863
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 121,243

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (71,255)	\$ 0	\$ (71,255)
2	State Income Taxes	(15,697)	0	(15,697)
3	Federal and State Income Taxes	<u>\$ (86,952)</u>	<u>\$ 0</u>	<u>\$ (86,952)</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 507,981	\$ 507,981
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,015,962	\$ 1,015,962
4	Staff Recommended Revenue, Per Schedule All-1	507,981	\$ 909,861
5	Subtotal (Line 4 + Line 5)	1,523,943	1,925,823
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	507,981	\$ 641,941
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,015,962	\$ 1,283,882
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,015,962	\$ 1,283,882.23
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	228,591	\$ 288,874
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 1)	8.7800%	8.7800%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 20,070	
17	Company Proposed Property Tax	27,191	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (7,121)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 25,363
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 20,070
21	Increase/(Decrease) to Property Tax Expense		\$ 5,293
22	Decrease to Property Tax Expense		\$ 5,293
23	Increase in Revenue Requirement		\$ 401,880
24	Decrease to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.3170%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 4,880,730	\$ -	\$ 4,880,730
2	Less: Accumulated Depreciation	1,044,106	-	1,044,106
3	Net Plant in Service	<u>\$ 3,836,623</u>	<u>\$ -</u>	<u>\$ 3,836,623</u>
<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 260,411	\$ -	\$ 260,411
5	Less: Accumulated Amortization	69,153	-	69,153
6	Net CIAC	<u>\$ 191,258</u>	<u>\$ -</u>	<u>\$ 191,258</u>
7	Advances in Aid of Construction (AIAC)	1,080,835	-	1,080,835
8	Customer Deposits	7,050	-	7,050
9	Deferred Income Tax Credits	283,642	-	283,642
<u>ADD:</u>				
10	Unamortized Finance Charges	-	-	-
11	Deferred Tax Assets	-	-	-
12	Working Capital	43,148	-	43,148
13	Intentionally Left Blank	-	-	-
17	Original Cost Rate Base	<u>\$ 2,316,986</u>	<u>\$ -</u>	<u>\$ 2,316,986</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 508,148	\$ (62,097)	\$ 446,051
2					
3					
4					
5					
6		Calculation of Plant Not Used and Useful - Wells			
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
8		MH1	55-803289	\$62,097.00	
9		Total		\$62,097.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 1,044,106	\$ (60,312)	\$ 983,795
2					
3					
4					
5		Accumulated Depreciation Associated With Wells Not Used & Useful			
6		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Accum Depr</u>	
7		MH1	55-803289	\$60,311.71	
8		Total		\$60,311.71	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Rimrock Water System
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Test Year December 31, 2007

Final Schedule BKB-6
Rimrock

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 7,050</u>	<u>\$ 7,050</u>	<u>\$ 14,100</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Working Capital	\$ 43,148	\$ -	\$ 43,148

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[D] STAFF FINAL ORIGINALCOST
1	Adjusted Rate Base	\$ 1,827,362
2	Adjusted Operating Income (Loss)	\$ 117,149
3	Current Rate of Return (L2 / L1)	6.41%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 148,016
6	Operating Income Deficiency (L5 - L2)	\$ 30,867
7	Gross Revenue Conversion Factor	1.6490
8	Required Revenue Increase (L7 * L6)	\$ 50,901
9	Adjusted Test Year Revenue	\$ 1,047,463
10	Proposed Annual Revenue (L8 + L9)	\$ 1,098,364
11	Required Increase in Revenue (%)	4.86%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE AND GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	\$ 215,395	\$ (28,351)	\$ 187,044

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]: All Testimony Reversal of JMR-7 "Conservation Revenue Recovery Expense".

Col [C]: Col. [A] + Col. [B]

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.3578%			
5	Subtotal (L3 - L4)	60.6422%			
6	Revenue Conversion Factor (L1 / L5)	1.649016633			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.2360%			
22	Effective Property Tax Factor (L 21 * L 22)	0.007589178			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.3578%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 148,016			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 40)	\$ 117,149			
26	Required Increase in Operating Income (L24 - L25)		\$ 30,867		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 52,153			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 32,749			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 19,404		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,098,364			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 39,469			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 38,840			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 629		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 50,901		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 1,047,463	\$ 50,901	\$ 1,098,364	
40	Operating Expenses Excluding Income Taxes	\$ 897,565		\$ 898,194	
41	Synchronized Interest (L47)	\$ 65,054		\$ 65,054	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 84,844		\$ 135,115	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 5,912		\$ 9,415
45	Federal Taxable Income (L33 - L35)	\$ 78,932		\$ 125,700	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 26,837		\$ 42,738	
51	Total Federal Income Tax		\$ 26,837		\$ 42,738
52	Combined Federal and State Income Tax (L35 + L42)		\$ 32,749		\$ 52,153
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 1,827,362			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 65,054			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 1,040,603	\$ -	\$ 1,040,603	\$ 50,901	\$ 1,091,504
3	Miscellaneous	6,860	-	6,860	-	6,860
4	Total Operating Revenues	\$ 1,047,463	\$ -	\$ 1,047,463	\$ 50,901	\$ 1,098,364
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	3,239	-	3,239	-	3,239
10	Pumping Expenses					
11	Purchased Power	84,846	-	84,846	-	84,846
12	Purchased Gas	-	-	-	-	-
13	Other	56,303	-	56,303	-	56,303
14	Water Treatment Expenses	33,840	-	33,840	-	33,840
15	Transmission and Distribution Expenses	174,963	-	174,963	-	174,963
16	Customer Accounting Expenses	133,433	-	133,433	-	133,433
17	Sales Expense	1,188	-	1,188	-	1,188
18	Administrative and General Expenses	215,395	-	215,395	-	215,395
19	Total Operation and Maintenance Expense	\$ 703,207	\$ -	\$ 703,207	\$ -	\$ 703,207
20						
21	Depreciation and Amortization Expenses	138,162	-	138,162	-	138,162
22						
23	Taxes					
24	Federal Income Taxes	26,837	-	26,837	15,901	42,738
25	State Income Taxes	5,912	-	5,912	3,503	9,415
26	Property Taxes	38,840	-	38,840	-	39,469
27	Other	17,357	-	17,357	-	17,357
28	Total Taxes	\$ 88,946	\$ -	\$ 88,946	\$ 19,404	\$ 108,979
29	Total Operating Expenses	\$ 930,314	\$ -	\$ 930,314	\$ 19,404	\$ 950,347
30	Operating Income (Loss)	\$ 117,149	\$ -	\$ 117,149	\$ 31,496	\$ 148,016

References:

Column [A]: Company Schedule C-1 Pg. 11 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 1,015,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,015,253
3	Commercial	22,880	-	-	-	-	-	-	-	-	22,880
4	Industrial	507	-	-	-	-	-	-	-	-	507
5	Private Fire Service	179	-	-	-	-	-	-	-	-	179
6	Other Water Revenues	1,784	-	-	-	-	-	-	-	-	1,784
7	Total Water Revenues	\$ 1,040,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,040,603
8											
9	Miscellaneous	6,860	-	-	-	-	-	-	-	-	6,860
10	Total Operating Revenues	\$ 1,047,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,047,463
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	3,239	-	-	-	-	-	-	-	-	3,239
16	Pumping Expenses	-	-	-	-	-	-	-	-	-	-
17	Purchased Power	84,846	-	-	-	-	-	-	-	-	84,846
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	56,303	-	-	-	-	-	-	-	-	56,303
20	Water Treatment Expenses	33,840	-	-	-	-	-	-	-	-	33,840
21	Transmission and Distribution Expenses	174,963	-	-	-	-	-	-	-	-	174,963
22	Customer Accounting Expenses	133,433	-	-	-	-	-	-	-	-	133,433
23	Sales Expense	1,188	-	-	-	-	-	-	-	-	1,188
24	Administrative and General Expenses	215,395	-	-	-	-	-	-	-	-	215,395
25	Total Operation and Maintenance Expense	\$ 703,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 703,207
26											
27	Depreciation and Amortization Expenses	138,162	-	-	-	-	-	-	-	-	138,162
28											
29	Taxes										
30	Federal Income Taxes	26,837	-	-	-	-	-	-	-	-	26,837
31	State Income Taxes	5,912	-	-	-	-	-	-	-	-	5,912
32	Property Taxes	38,840	-	-	-	-	-	-	-	-	38,840
33	Other	17,357	-	-	-	-	-	-	-	-	17,357
34	Total Taxes	\$ 88,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,946
35											
36	Total Operating Expenses	\$ 930,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 930,314
37	Operating Income (Income)	\$ 117,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,149

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	3,239	-	3,239
3	Total Source of Supply Expenses	<u>\$ 3,239</u>	<u>\$ -</u>	<u>\$ 3,239</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 84,846	\$ -	\$ 84,846
2	Purchased Gas	-	-	-
3	Other	56,303	-	56,303
4	Total Pumping Expenses	<u>\$ 141,149</u>	<u>\$ -</u>	<u>\$ 141,149</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 33,840	\$ -	\$ 33,840
2				
3	Calculation of Water Treatment Expense Adjustment			
4	Acct.	Company	Staff	Staff
5	No.	Recorded	Adjustment	Recommended
6	640	1,300	\$ -	\$ 1,300
7	641	345	-	345
8	642	20,041	-	20,041
9				
10	<u>Maintenance Ledger</u>			
11	650	651	-	651
12	651	-	-	-
13	652	19,440	-	19,440
14	Company Adjustment JMR-3, JMR-4 & JMR-7			
15	Total	\$ 33,840	\$ -	\$ 33,840

References:

Col [A]: Company Schedule C-1 Page 11
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 174,963	\$ 1,587	\$ 176,550
2				
3	Normalization of Three Year Actual Tank Maintenance Expense			
4		Year		Expense
5	Tank Maintenance expense	2005		1,794
6	Tank Maintenance expense	2006		-
7	Tank Maintenance expense	2007		48,572
8	Total			\$ 50,366
9				
10	Normalized Three Year Average			\$ 16,789
11	Company Proposed			\$ 15,202
12	Staff Adjustment			\$ 1,587
13				
14				

References:

Col [A]: Company Schedule C-1 Page 11
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 138,162	\$ -	\$ 138,162

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 19	\$ 19	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	844	844	0.00%	-
4	310	Water Rights	30,517	30,517	0.00%	-
5	310	Other Source of Supply Land	69,342	69,342	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	1,033,216	1,033,216	3.13%	32,340
8	320	Pumping Plant Land	95	95	0.00%	-
9	321	Pumping Plant Structures & Improvements	39,970	39,970	2.86%	1,143
10	325	Electric Pumping Equipment	390,985	390,985	5.88%	22,990
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	7,676	7,676	2.50%	192
14	332	Water Treatment Equipment	25,238	25,238	2.86%	722
15	340	Transmission and Distribution - Land	18,146	18,146	0.00%	-
16	342	Storage Tanks	333,128	333,128	2.00%	6,663
17	343	Transmission and Distribution Mains	2,112,563	2,112,563	1.79%	37,815
18	344	Fire Sprinkler Taps	16,323	16,323	2.00%	326
19	345	Services	802,504	802,504	2.38%	19,100
20	346	Meters	152,356	152,356	4.55%	6,932
21	348	Hydrants	128,531	128,531	1.82%	2,339
22	389	General Plant Land	2,858	2,858	0.00%	-
23	390	General Plant Structures	16,396	16,396	2.50%	410
24	390	Leasehold Improvements	38,821	38,821	50.00%	19,411
25	391	Office Furniture & Equipment	132,073	132,073	6.67%	8,809
26	393	Warehouse Equipment	1,165	1,165	5.00%	58
27	394	Tools, Shops, and Garage Equipment	21,238	21,238	4.00%	850
28	395	Laboratory Equipment	117	117	5.00%	6
29	396	Power Operated Equipment	4,516	4,516	6.67%	301
30	397	Communications Equipment	22,053	22,053	6.67%	1,471
31	398	Miscellaneous Equipment	213	213	3.33%	7
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 5,400,903	\$ 5,400,903		
34		Less: Non- depreciable Account(s)	52,479	52,479		\$ 161,884
35		Depreciable Plant (L29-L30)	\$ 5,348,424	\$ 5,348,424		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 783,751			
37		Composite Depreciation/Amortization Rate	3.0268%			
38		Less: Amortization of CIAC (L32 x L33)				
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 23,722
						\$ 138,162

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 26,837	\$ -	\$ 26,837
2	State Income Taxes	5,912	-	5,912
3	Federal and State Income Taxes	<u>\$ 32,749</u>	<u>\$ -</u>	<u>\$ 32,749</u>

References:

Col [A]: Company Schedule C-1 Page 11

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,047,463	\$ 1,047,463
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,094,926	\$ 2,094,926
4	Staff Recommended Revenue, Per Schedule All-1	1,047,463	\$ 1,098,364
5	Subtotal (Line 4 + Line 5)	3,142,389	3,193,290
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,047,463	\$ 1,064,430
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,094,926	\$ 2,128,860
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,094,926	\$ 2,128,859.86
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	471,358	\$ 478,993
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	8.2400%	8.2400%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 38,840	
17	Company Proposed Property Tax	41,350	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (2,510)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 39,469
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 38,840
21	Increase/(Decrease) to Property Tax Expense		\$ 629
22	Decrease to Property Tax Expense		\$ 629
23	Increase in Revenue Requirement		\$ 50,901
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.2360%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	REF	[C] STAFF AS ADJUSTED
1	Plant in Service	\$ 5,400,903	\$ -		\$ 5,400,903
2	Less: Accumulated Depreciation	2,337,406	-		2,337,406
3	Net Plant in Service	<u>\$ 3,063,497</u>	<u>\$ -</u>		<u>\$ 3,063,497</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 783,751	\$ -		\$ 783,751
5	Less: Accumulated Amortization	296,411	-		296,411
6	Net CIAC	<u>\$ 487,340</u>	<u>\$ -</u>		<u>\$ 487,340</u>
7	Advances in Aid of Construction (AIAC)	249,075	-		249,075
8	Customer Deposits	4,330	-		4,330
9	Deferred Income Tax Credits	565,368	-		565,368
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	69,978	-		69,978
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 1,827,362</u>	<u>\$ -</u>		<u>\$ 1,827,362</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 1,033,216	\$ (13,512)	\$ 1,019,703
2					
3					
4					
5					
6		<u>Calculation of Plant Not Used and Useful</u>			
7					
8		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
9		Inactive	55-616650	13,512.30	
		Total		<u>13,512.30</u>	

References:
Col [A]: Company Schedule B-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	325	Electric Pumping Equipment	\$ 390,985	\$ (40,553)	\$ 350,432
2					
3					
4					
5					
6		Post Test Year Plant Not Used and Useful - Electric Pumping Equipment			Cost Basis
7		WA-1-4308 Electrical Panel / Well 10 - Not in Service			\$40,553
		Total			\$40,553

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 2,337,406	\$ (11,865)	\$ 2,325,541
2					
3					
4					
5		<u>Accumulated Depreciation Associated With Plant Not Used and Useful - Wells and Electric Panel</u>			
6					
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Accum Depr</u>	
8		Inactive	55-616650	10,674	
9					
10		<u>Post Test Year Plant</u>			
11		WA-1-4308 - Electrical Panel Well 10 - Not in Service		1,191	
12					
13					
14		Total Accumulated Depreciation Adjustment		<u>\$11,865</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Pinewood Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Pinewood

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER'S DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 4,330</u>	<u>\$ 4,330</u>	<u>\$ 8,660</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Pinewood Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Pinewood

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 69,978</u>	<u>\$ -</u>	<u>\$ 69,978</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 50,363,628
2	Adjusted Operating Income (Loss)	\$ 2,118,698
3	Current Rate of Return (L2 / L1)	4.21%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 4,079,452
6	Operating Income Deficiency (L5 - L2)	\$ 1,960,753
7	Gross Revenue Conversion Factor	1.6604
8	Required Revenue Increase (L7 * L6)	\$ 3,255,633
9	Adjusted Test Year Revenue	\$ 13,790,582
10	Proposed Annual Revenue (L8 + L9)	\$ 17,046,216
11	Required Increase in Revenue (%)	23.61%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 13,054,076	\$ -	\$ 13,054,076	\$ 3,255,636	\$ 16,309,711
3	Miscellaneous	736,506	-	736,506	-	736,505
4	Total Operating Revenues	\$ 13,790,582	\$ -	\$ 13,790,582	\$ 3,255,636	\$ 17,046,216
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	1,019,696	-	1,019,696	-	1,019,696
9	Other	58,150	-	58,150	-	58,150
10	Pumping Expenses	-	-	-	-	-
11	Purchased Power	1,370,623	-	1,370,623	-	1,370,623
12	Purchased Gas	-	-	-	-	-
13	Other	413,065	11,341	424,406	-	424,406
14	Water Treatment Expenses	399,409	-	399,409	-	399,409
15	Transmission and Distribution Expenses	1,531,831	24,878	1,556,709	-	1,556,709
16	Customer Accounting Expenses	1,171,771	-	1,171,771	-	1,171,771
17	Sales Expense	7,975	-	7,975	-	7,975
18	Administrative and General Expenses	1,986,168	-	1,986,168	-	1,986,168
19	Total Operation and Maintenance Expense	\$ 7,958,688	\$ 36,218.44	\$ 7,994,907	\$ -	\$ 7,994,907
20		7,958,689				
21	Depreciation and Amortization Expenses	2,486,239	11,715	2,497,954	-	2,497,954
22						
23	Taxes					
24	Federal Income Taxes	184,778	(16,965)	167,812	1,010,086	1,177,898
25	State Income Taxes	40,705	(3,737)	36,968	222,513	259,480
26	Property Taxes	808,179	-	808,179	62,281	870,460
27	Other	166,064	-	166,064	-	166,064
28	Total Taxes	\$ 1,199,725	\$ (20,702)	\$ 1,179,023	\$ 1,294,880	\$ 2,473,903
29	Total Operating Expenses	\$ 11,644,653	\$ 27,231	\$ 11,671,884	\$ 1,294,880	\$ 12,966,764
30	Operating Income (Loss)	\$ 2,145,929	\$ (27,231)	\$ 2,118,698	\$ 1,960,755	\$ 4,079,452

References:

Column [A]: Company Schedule C-1
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF POST HEARING ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 104,728,263	\$ 201,695		\$ 104,929,958
2	Less: Accumulated Depreciation	20,368,940	41,509		20,410,449
3	Net Plant in Service	\$ 84,359,322	\$ 160,186		\$ 84,519,508
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	10,728,118	-		10,728,118
5	Less: Accumulated Amortization	1,795,598	-		1,795,598
6	Net CIAC	8,932,520	-		8,932,520
7	Advances in Aid of Construction (AIAC)	18,964,525	-		18,964,525
8	Customer Deposits	227,521	-		227,521
9	Deferred Income Tax Credits	5,734,168	-		5,734,168
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	234,854	-		234,854
13	Net Regulatory Asset/(Liability)	(532,000)	-		(532,000)
17	Original Cost Rate Base	<u>\$ 50,203,442</u>	<u>\$ 160,186</u>		<u>\$ 50,363,628</u>

References:

Column (A), Company Schedule B-1 (TAB RB SUM XXX-4)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. [BS] (TAB RB SUM XXX-4)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 42,812,403
2	Adjusted Operating Income (Loss)	\$ 1,970,210
3	Current Rate of Return (L2 / L1)	4.60%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 3,467,804
6	Operating Income Deficiency (L5 - L2)	\$ 1,497,593
7	Gross Revenue Conversion Factor	1.6620
8	Required Revenue Increase (L7 * L6)	\$ 2,488,987
9	Adjusted Test Year Revenue	\$ 11,939,904
10	Proposed Annual Revenue (L8 + L9)	\$ 14,428,891
11	Required Increase in Revenue (%)	20.85%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.8312%			
5	Subtotal (L3 - L4)	60.1688%			
6	Revenue Conversion Factor (L1 / L5)	1.661990945			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	2.0070%			
22	Effective Property Tax Factor (L 21 * L 22)	0.012323205			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.8312%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 3,467,804			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 1,970,210			
26	Required Increase in Operating Income (L24 - L25)		\$ 1,497,593		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 1,221,866			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 280,427			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 941,439		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 14,428,891			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 768,856			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 718,902			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 49,954		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 2,488,986		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 11,939,904	\$ 2,488,987	\$ 14,428,891	
40	Operating Expenses Excluding Income Taxes	\$ 9,689,268		\$ 9,739,221	
41	Synchronized Interest (L47)	\$ 1,524,122		\$ 1,524,122	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 726,515		\$ 3,165,548	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 50,624		\$ 220,575
45	Federal Taxable Income (L33 - L35)	\$ 675,891		\$ 2,944,972	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 229,803		\$ 1,001,291	
51	Total Federal Income Tax		\$ 229,803		\$ 1,001,291
52	Combined Federal and State Income Tax (L35 + L42)		\$ 280,427		\$ 1,221,866
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 42,812,403			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 1,524,122			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 11,223,738	\$ -	\$ 11,223,738	\$ 2,488,987	\$ 13,712,725
3	Miscellaneous	716,166	-	716,166	-	716,166
4	Total Operating Revenues	\$ 11,939,904	\$ -	\$ 11,939,904	\$ 2,488,987	\$ 14,428,891
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ 1,019,696	\$ -	\$ 1,019,696	\$ -	\$ 1,019,696
9	Other	48,540	-	48,540	-	48,540
10	Pumping Expenses					
11	Purchased Power	1,170,704	-	1,170,704	-	1,170,704
12	Purchased Gas	-	-	-	-	-
13	Other	307,004	\$ 11,341	318,345	-	318,345
14	Water Treatment Expenses	389,035	-	389,035	-	389,035
15	Transmission and Distribution Expenses	1,201,607	\$ 24,878	1,226,484	-	1,226,484
16	Customer Accounting Expenses	945,427	-	945,427	-	945,427
17	Sales Expense	5,489	-	5,489	-	5,489
18	Administrative and General Expenses	1,591,413	-	1,591,413	-	1,591,413
19	Total Operation and Maintenance Expense	\$ 6,678,915	\$ 36,218	\$ 6,715,133	\$ -	\$ 6,715,133
20						
21	Depreciation and Amortization Expenses	2,118,069	\$ -	2,118,069	-	2,118,069
22						
23	Taxes					
24	Federal Income Taxes	241,259	\$ -	229,803	771,488	1,001,291
25	State Income Taxes	53,147	-	50,624	169,952	220,575
26	Property Taxes	718,902	-	718,902	49,954	768,856
27	Other	137,164	-	137,164	-	137,164
28	Total Taxes	\$ 1,150,472	\$ -	\$ 1,136,493	\$ 991,393	\$ 2,127,886
29	Total Operating Expenses	\$ 9,947,455	\$ 36,218	\$ 9,969,694	\$ 991,393	\$ 10,961,087
30	Operating Income (Loss)	\$ 1,992,449	\$ (36,218)	\$ 1,970,210	\$ 1,497,594	\$ 3,467,803

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 8,708,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,708,170
3	Commercial	2,125,918	-	-	-	-	-	-	-	-	2,125,918
4	Industrial	35,010	-	-	-	-	-	-	-	-	35,010
5	Private Fire Service	8,293	-	-	-	-	-	-	-	-	8,293
6	Other Water Revenues	346,347	-	-	-	-	-	-	-	-	346,347
7	Total Water Revenues	\$ 11,223,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,223,738
8											
9	Miscellaneous	716,166	-	-	-	-	-	-	-	-	716,166
10	Total Operating Revenues	\$ 11,939,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,939,904
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ 1,019,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,019,696
15	Other	48,540	-	-	-	-	-	-	-	-	48,540
16	Pumping Expenses										
17	Purchased Power	1,170,704	-	-	-	-	-	-	-	-	1,170,704
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	307,004	-	11,341	-	-	-	-	-	-	318,345
20	Water Treatment Expenses	389,035	-	-	-	-	-	-	-	-	389,035
21	Transmission and Distribution Expenses	1,201,607	24,878	-	-	-	-	-	-	-	1,226,484
22	Customer Accounting Expenses	945,427	-	-	-	-	-	-	-	-	945,427
23	Sales Expense	5,489	-	-	-	-	-	-	-	-	5,489
24	Administrative and General Expenses	1,591,413	-	-	-	-	-	-	-	-	1,591,413
25	Total Operation and Maintenance Expense	\$ 6,678,915	\$ 24,878	\$ 11,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,715,133
26											
27	Depreciation and Amortization Expenses	2,118,069	-	-	-	-	-	-	-	-	2,118,069
28											
29	Taxes										
30	Federal Income Taxes	241,259	-	-	-	-	-	-	-	-	229,803
31	State Income Taxes	53,147	-	-	-	-	-	-	-	-	50,624
32	Property Taxes	718,902	-	-	-	-	-	-	-	-	718,902
33	Other	137,164	-	-	-	-	-	-	-	-	137,164
34	Total Taxes	\$ 1,150,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,493
35											
36	Total Operating Expenses	\$ 9,947,455	\$ 24,878	\$ 11,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,969,694
37	Operating Income (Income)	\$ 1,992,449	\$ (24,878)	\$ (11,341)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,970,211

ADJ #	DESCRIPTION	REFERENCES
1	Transmission & Distribution Expense	Surrebuttal Schedule All-5

OPERATING INCOME ADJUSTMENT NO. 1 - TRANSMISSION AND DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 1,201,607	\$ (113,210)	\$ 1,088,396
2				
3	Normalization of Three Year Actual Tank Maintenance Expense			
4		Year		Expense
5	Tank Maintenance expense	2005		227,332
6	Tank Maintenance expense	2006		54,227
7	Tank Maintenance expense	2007		165,075
8	Total			\$ 446,634
9				
10	Normalized Three Year Average			\$ 148,878
11	Company Proposed			\$ 175,554
12	Staff Adjustment			\$ (26,676)
13				
14				
15	Normalization of Transmission and Distribution Expenses for Account Nos. 663 & 673			
16		Year	Account	Expense
17	Transmission & Distribution Expense - Meters	2005	663	\$ 267,279
18	Transmission & Distribution Expense - Meters	2006	663	245,080
19	Transmission & Distribution Expense - Meters	2007	663	253,037
20	Total			765,396
21				
22	Normalized over 3 years			255,132
23	Company Proposed			253,037
24	Staff Adjustment			2,095
25				
26	Transmission & Distribution Expense - Meters	2005	673	\$ 111,139
27	Transmission & Distribution Expense - Meters	2006	673	\$ 141,708
28	Transmission & Distribution Expense - Meters	2007	673	\$ 259,368
29	Total			\$ 512,215
30				
31	Normalized over 3 years			\$ 170,738
32	Company Proposed			\$ 259,368
33	Staff Adjustment			\$ (88,629)
34				
35	Total (L14 + L26 +L35)			\$ (113,210)
36	Direct Testimony Adjustment			\$ (138,088)
37	Surrebuttal Testimony Adjustment (L35 - L36)			\$ 24,878

References:

Col [A]: Company Schedule C-1 Page 3
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 1,170,704	\$ -	\$ 1,170,704
2	Purchased Gas	-	-	-
3	Other	307,004	11,341	318,345
4	Total Pumping Expenses	<u>\$ 1,477,708</u>	<u>\$ 11,341</u>	<u>\$ 1,489,049</u>
5				
6		<u>Calculation of Desert Wells Pumping Expense</u>		
7				
8		<u>Year</u>		<u>Actual Expense</u>
9		2005		\$ 96,510
10		2006		24,498
11		2007		38,738
12		Total		<u>\$ 159,746</u>
13				
14		Normalized over 3 years		53,249
15		Test Year - Accrual		41,908
16		Staff Adjustment		<u>\$ 11,341</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 1,019,696	\$ -	\$ 1,019,696
2	Other	48,540	-	48,540
3	Total Source of Supply Expenses	<u>\$ 1,068,236</u>	<u>\$ -</u>	<u>\$ 1,068,236</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 389,035	\$ -	\$ 389,035
2				
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6	Acct.	Company	Staff	Staff
7	No. Operations Ledger	Recorded	Adjustment	Recommended
8	640 Water Treatment - Operations & Supervision	21,999	\$ -	\$ 21,999
9	641 Water Treatment - Operations Chemicals	35,181	-	35,181
10	642 Water Treatment - Operations Labor & Expense	63,860	-	63,860
11				
12	<u>Maintenance Ledger</u>			
13	650 Water Treatment - Maintenance & Supervision	8,842	-	8,842
14	651 Water Treatment - Maint Struct & Improvemnt	-	-	-
15	652 Water Treatment - Maintenance & Equipment	109,502	-	109,502
16	Company Adjustment JMR-3, JMR-4, JMR-7 & JMR-14	149,651	-	149,651
17	Total	\$ 389,035	\$ -	\$ 389,035

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative and General Expenses	\$ 1,591,413	\$ -	\$ 1,591,413

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 2,118,069	\$ -	\$ 2,118,069

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 162	\$ 162	0.00%	\$ -
2	302	Franchise Cost	5,644	5,644	0.00%	\$ -
3	303	Other Intangibles	6,749	6,749	0.00%	-
4	310	Water Rights	362,960	362,960	0.00%	-
5	310	Other Source of Supply Land	63,210	63,210	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	4,301,561	4,301,561	3.13%	134,639
8	320	Pumping Plant Land	14,187	14,187	0.00%	-
9	321	Pumping Plant Structures & Improvements	147,562	147,562	2.86%	4,220
10	325	Electric Pumping Equipment	7,457,449	7,457,449	5.88%	438,498
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	17,821	17,821	2.50%	446
14	332	Water Treatment Equipment	6,864,858	6,864,858	2.86%	196,335
15	340	Transmission and Distribution - Land	185,773	185,773	0.00%	-
16	342	Storage Tanks	4,453,351	4,453,351	2.00%	89,067
17	343	Transmission and Distribution Mains	47,182,264	47,182,264	1.79%	844,563
18	344	Fire Sprinkler Taps	570,481	570,481	2.00%	11,410
19	345	Services	11,514,584	11,514,584	2.38%	274,047
20	346	Meters	1,716,039	1,716,039	4.55%	78,080
21	348	Hydrants	3,292,465	3,292,465	1.82%	59,923
22	389	General Plant Land	47,015	47,015	0.00%	-
23	390	General Plant Structures	749,765	749,765	2.50%	18,744
24	390	Leasehold Improvements	1,140,045	1,140,045	6.67%	76,041
25	391	Office Furniture & Equipment	1,456,068	1,456,068	6.67%	97,120
26	393	Warehouse Equipment	5,987	5,987	5.00%	299
27	394	Tools, Shops, and Garage Equipment	346,377	346,377	4.00%	13,855
28	395	Laboratory Equipment	66,729	66,729	5.00%	3,336
29	396	Power Operated Equipment	36,279	36,279	6.67%	2,420
30	397	Communications Equipment	650,034	650,034	6.67%	43,357
31	398	Miscellaneous Equipment	50,120	50,120	3.33%	1,669
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 92,705,540	\$ 92,705,540		\$ 2,388,068
34		Less: Non- depreciable Account(s)	685,700	685,700		
35		Depreciable Plant (L29-L30)	\$ 92,019,840	\$ 92,019,840		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 10,403,949			
37		Composite Depreciation/Amortization Rate	2.5952%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 270,000
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 2,118,069

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 241,259	\$ (11,456)	\$ 229,803
2	State Income Taxes	53,147	(2,523)	50,624
3	Federal and State Income Taxes	<u>\$ 294,406</u>	<u>\$ (13,979)</u>	<u>\$ 280,427</u>

References:

Col [A]: Company Schedule C-1 Page 3
Col [B]: All Testimony
Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 11,939,904	\$ 11,939,904
2	Weight Factor	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	23,879,808	\$ 23,879,808
4	Staff Recommended Revenue, Per Schedule All-1	11,939,904	\$ 14,428,891
5	Subtotal (Line 4 + Line 5)	35,819,712	38,308,699
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	11,939,904	\$ 12,769,566
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	23,879,808	\$ 25,539,132
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	23,879,808	\$ 25,539,132.43
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	5,372,957	\$ 5,746,305
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 11)	<u>13.3800%</u>	<u>13.3800%</u>
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 718,902	
17	Company Proposed Property Tax	<u>815,362</u>	
18	Staff Test Year Adjustment (Line 16-Line 17)	<u>\$ (96,460)</u>	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 768,856
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 718,902
21	Increase/(Decrease) to Property Tax Expense		<u>\$ 49,954</u>
22	Decrease to Property Tax Expense		\$ 49,954
23	Increase in Revenue Requirement		\$ 2,488,987
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.0070%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 92,705,540	\$ -		\$ 92,705,540
2	Less: Accumulated Depreciation	17,487,458	-		17,487,458
3	Net Plant in Service	<u>\$ 75,218,082</u>	<u>\$ -</u>		<u>\$ 75,218,082</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 10,403,949	\$ -		\$ 10,403,949
5	Less: Accumulated Amortization	1,733,417	-		1,733,417
6	Net CIAC	<u>\$ 8,670,532</u>	<u>\$ -</u>		<u>\$ 8,670,532</u>
7	Advances in Aid of Construction (AIAC)	18,952,520	-		18,952,520
8	Customer Deposits	196,185	-		196,185
9	Deferred Income Tax Credits	4,779,751	-		4,779,751
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	193,309	-		193,309
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 42,812,403</u>	<u>\$ -</u>		<u>\$ 42,812,403</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 4,301,561	\$ (801,053)	\$ 3,500,508
2					
3					
4					
5					
6		Calculation of Plant Not Used and Useful - Wells			
7					
8		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
9		Ranch 160 W-1	55-583450	\$316,447	
10		Ranch 160 W-1 2	55-588620	\$484,606	
11		Total		<u>\$801,053</u>	

References:

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	321	Pumping Plant Structures & Improvements	\$ 147,562	\$ (8,479)	\$ 139,083
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful - Pumping Plant Structures and Improvements</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Queen Ck Pump Station / Block Bldg		1,173.00	
9		Queen Ck Pump Station / Fence		7,306.00	
10		Total		<u>8,479.00</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	325	Electric Pumping Equipment	<u>\$ 7,457,449</u>	<u>\$ (64,714)</u>	<u>\$ 7,392,735</u>
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful - Electric Pumping Equipment</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Queen Crk / Pumps/Panel		57,030	
9		Queen Creek / Automatic Controls		\$ 7,684	
10		Total		<u>64,714</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	332	Water Treatment Equipment	<u>\$ 6,864,858</u>	<u>\$ (3,057)</u>	<u>\$ 6,861,801</u>
2					
3					
4					
5					
6		<u>Calculation of Plant Not Used and Useful - Water Treatment Equipment</u>			
7					
8		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
9		Queen Creek Pump Station / Filter System		<u>\$3,057.00</u>	
10		Total		<u>\$3,057.00</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	342	Storage Tanks	\$4,453,351	\$ (500)	\$ 4,452,851
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful - Storage Tank</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Desert Station Wells #1-3 / Storage Tank		\$500.00	
9		Total		\$500.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	397	Communications Equipment	<u>\$ 650,034</u>	<u>\$ (7,088)</u>	<u>\$ 642,946</u>
2					
3					
4					
5					
6		<u>Calculation of Plant Not Used and Useful - Communications Equipment</u>			
7					
8		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
9		Office W/H / Mobile Radio Base Station		<u>\$7,088.00</u>	
10		Total		<u>\$7,088.00</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 17,487,458	\$ (237,480)	\$ 17,249,978
2					
3					
4					
5					
6		Accumulated Depreciation Associated with Plant Not Used and Useful			
7					
8					
9		AWC Well ID	AWR Well ID	Accumulated Depreciation	
10		Ranch 160 W-1	55-583450	\$ 60,109.11	
11		Ranch 160 W-2	55-588620	79,499.58	
12		Office W/H / Mobile Radio Base Station	Acct 397	4,552.98	
13		Queen Creek Pump Station / 5 Pumps/Panel	Acct 325	80,620.46	
14		Queen Creek Pump Station / Block Bldg	Acct 321	1,486.13	
15		Queen Creek Pump Station / Filter System	Acct 332	1,972.83	
16		Queen Creek Pump Station / Automatic Controls	Acct 325	6,328.93	
17		Queen Creek Pump Station / Fence	Acct 321	2,255.00	
18		Desert Station Wells #1-3 / Storage Tank	Acct 342	655.13	
19		Total		\$ 237,480.15	

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 3 - CONTRIBUTION IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Contributions in Aid of Construction (CIAC)	\$ 10,403,949	\$ (484,606)	\$ 9,919,343
2		Less: Accumulated Amortization	1,733,417	-	1,733,417
3		Net CIAC	<u>\$ 8,670,532</u>	<u>\$ (484,606)</u>	<u>\$ 8,185,926</u>
4					
5					
6					
7					
8		<u>CIAC Associated With Wells Not Used & Useful</u>			
9					
10		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>CIAC Amount</u>	
11		Ranch 160 W-1 2	55-588620	\$484,606.00	
12		Total		<u>\$484,606.00</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 196,185</u>	<u>\$ 196,185</u>	<u>\$ 392,370</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Superstition System (Apache Junction and Superior Systems)
 Docket No. W-01445A-08-0440
 Test Year December 31, 2007

Final Schedule BKB-7
 Superstition

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Working Capital	\$ 193,309	\$ (253,152)	\$ (59,843)

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 7,551,225
2	Adjusted Operating Income (Loss)	\$ 148,489
3	Current Rate of Return (L2 / L1)	1.97%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 611,649
6	Operating Income Deficiency (L5 - L2)	\$ 463,161
7	Gross Revenue Conversion Factor	1.6553
8	Required Revenue Increase (L7 * L6)	\$ 766,647
9	Adjusted Test Year Revenue	\$ 1,850,678
10	Proposed Annual Revenue (L8 + L9)	\$ 2,617,325
11	Required Increase in Revenue (%)	41.43%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.5862%			
5	Subtotal (L3 - L4)	60.4138%			
6	Revenue Conversion Factor (L1 / L5)	1.655251227			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.6080%			
22	Effective Property Tax Factor (L 21 * L 22)	0.0098733			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.5862%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 611,649			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 40)	\$ 148,489			
26	Required Increase in Operating Income (L24 - L25)		\$ 463,161		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 215,512			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (75,647)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 291,159		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 2,617,325			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 101,604			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 89,277			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 12,328		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 766,647		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 1,850,678	\$ 766,647	\$ 2,617,325	
40	Operating Expenses Excluding Income Taxes	\$ 1,777,836		\$ 1,790,164	
41	Synchronized Interest (L47)	\$ 268,824		\$ 268,824	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (195,982)		\$ 558,338	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (13,656)		\$ 38,905
45	Federal Taxable Income (L33 - L35)	\$ (182,326)		\$ 519,433	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (61,991)		\$ 176,607	
51	Total Federal Income Tax		\$ (61,991)		\$ 176,607
52	Combined Federal and State Income Tax (L35 + L42)		\$ (75,647)		\$ 215,512
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [C], Line (17))	\$ 7,551,225			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 268,824			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 1,830,338	\$ -	\$ 1,830,338	\$ 766,647	\$ 2,596,985
3	Miscellaneous	20,340	-	20,340	-	20,340
4	Total Operating Revenues	\$ 1,850,678	\$ -	\$ 1,850,678	\$ 766,647	\$ 2,617,325
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	9,610	-	9,610	-	9,610
10	Pumping Expenses					
11	Purchased Power	199,919	-	199,919	-	199,919
12	Purchased Gas	-	-	-	-	-
13	Other	106,061	-	106,061	-	106,061
14	Water Treatment Expenses	10,374	-	10,374	-	10,374
15	Transmission and Distribution Expenses	330,225	-	330,225	-	330,225
16	Customer Accounting Expenses	226,344	-	226,344	-	226,344
17	Sales Expense	2,486	-	2,486	-	2,486
18	Administrative and General Expenses	394,755	-	394,755	-	394,755
19	Total Operation and Maintenance Expense	\$ 1,279,774	\$ -	\$ 1,279,774	\$ -	\$ 1,279,774
20						
21	Depreciation and Amortization Expenses	368,171	11,715	379,886	-	379,886
22						
23	Taxes					
24	Federal Income Taxes	(56,481)	(5,509)	(61,991)	238,598	176,607
25	State Income Taxes	(12,442)	(1,214)	(13,656)	52,561	38,905
26	Property Taxes	89,277	-	89,277	12,328	101,604
27	Other	28,900	-	28,900	-	28,900
28	Total Taxes	\$ 49,253	\$ (6,723)	\$ 42,530	\$ 303,487	\$ 346,017
29	Total Operating Expenses	\$ 1,697,198	\$ 4,992	\$ 1,702,189	\$ 303,487	\$ 2,005,676
30	Operating Income (Loss)	\$ 153,480	\$ (4,992)	\$ 148,489	\$ 463,161	\$ 611,649

References:

Column [A]: Company Schedule C-1 Pg. 6 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] ADJ #8	[J] STAFF FINAL TEST YEAR ADJUSTED
1	<i>Operating Revenues:</i>										
2	Residential	\$ 1,223,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,975
3	Commercial	491,044	-	-	-	-	-	-	-	-	491,044
4	Industrial	98,160	-	-	-	-	-	-	-	-	98,160
5	Private Fire Service	874	-	-	-	-	-	-	-	-	874
6	Other Water Revenues	16,285	-	-	-	-	-	-	-	-	16,285
7	Total Water Revenues	\$ 1,830,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,338
8											
9	Miscellaneous	20,340	-	-	-	-	-	-	-	-	20,340
10	Total Operating Revenues	\$ 1,850,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,850,678
11	<i>OPERATING EXPENSES:</i>										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	9,610	-	-	-	-	-	-	-	-	9,610
16	Pumping Expenses	-	-	-	-	-	-	-	-	-	-
17	Purchased Power	199,919	-	-	-	-	-	-	-	-	199,919
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	106,061	-	-	-	-	-	-	-	-	106,061
20	Water Treatment Expenses	10,374	-	-	-	-	-	-	-	-	10,374
21	Transmission and Distribution Expenses	330,225	-	-	-	-	-	-	-	-	330,225
22	Customer Accounting Expenses	226,344	-	-	-	-	-	-	-	-	226,344
23	Sales Expense	2,486	-	-	-	-	-	-	-	-	2,486
24	Administrative and General Expenses	394,755	-	-	-	-	-	-	-	-	394,755
25	Total Operation and Maintenance Expense	\$ 1,279,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,279,774
26											
27	Depreciation and Amortization Expenses	368,171	-	-	-	-	-	11,715	-	-	379,886
28											
29	Taxes										
30	Federal Income Taxes	(61,991)	-	-	-	-	-	-	-	-	(61,991)
31	State Income Taxes	(13,656)	-	-	-	-	-	-	-	-	(13,656)
32	Property Taxes	89,277	-	-	-	-	-	-	-	-	89,277
33	Other	28,900	-	-	-	-	-	-	-	-	28,900
34	Total Taxes	\$ 42,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,530
35											
36	Total Operating Expenses	\$ 1,690,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,715	\$ -	\$ -	\$ 1,702,189
37	Operating Income (Income)	\$ 160,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,715)	\$ -	\$ -	\$ 148,489

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule AII-5
2	Pumping Expense	Schedule AII-6
3	Water Treatment Expenses	Schedule AII-7
4	Transmission & Distribution Expense	Schedule AII-8
5	General & Administrative	Schedule AII-9
6	Depreciation Expenses	Schedule AII-10
7	Income Taxes	Schedule AII-11
8	Property Taxes	Schedule AII-12

OPERATING INCOME ADJUSTMENT No. 1 - SOURCE OF SUPPLY

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	9,610	-	9,610
3	Total Source of Supply Expenses	<u>\$ 9,610</u>	<u>\$ -</u>	<u>\$ 9,610</u>

References:

Col [A]: Company Schedule C-1, page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 199,919	\$ -	\$ 199,919
2	Purchased Gas	-	-	-
3	Other	106,061	-	106,061
4	Total Pumping Expenses	<u>\$ 305,980</u>	<u>\$ -</u>	<u>\$ 305,980</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Water Treatment Expenses	<u>\$ 10,374</u>	<u>\$ -</u>	<u>\$ 10,374</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 330,225	\$ (23,270)	\$ 306,954
2				
3	Normalization of Three Year Actual Tank Maintanance Expense			
4		Year		Expense
5	Tank Maintenance expense	2005		1,559
6	Tank Maintenance expense	2006		689
7	Tank Maintenance expense	2007		568
8	Total			\$ 2,816
9				
10	Normalized Three Year Average			\$ 939
11	Company Proposed			\$ 24,209
12	Staff Adjustment			\$ (23,270)

References:

Col [A]: Company Schedule C-1 Page 3
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Miami Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule All-9
Miami

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative & General Expenses	<u>\$ 394,755</u>	<u>\$ -</u>	<u>\$ 394,755</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 368,171	\$ 11,715	\$ 379,886

CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSES

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 32	\$ 32	0.00%	\$ -
2	302	Franchise Cost	1,225	1,225	0.00%	-
3	303	Other Intangibles	1,299	1,299	0.00%	-
4	310	Water Rights	372,478	372,478	0.00%	-
5	310	Other Source of Supply Land	90,605	90,605	0.00%	-
6	310.4	Wells - Other	A 1,526,600	1,526,600	4.17%	63,659
7	314	Wells	2,369,287	2,369,287	3.13%	74,159
8	320	Pumping Plant Land	4,723	4,723	-	-
9	321	Pumping Plant Structures & Improvements	107,047	107,047	2.86%	3,062
10	325	Electric Pumping Equipment	1,534,460	1,534,460	5.88%	90,226
11	328	Gas Engine Equipment	163	163	4.00%	7
12	330	Water Treatment Plant - Land	550	550	-	-
13	331	Water Treatment Structures and Improvements	21,056	21,056	2.50%	526
14	332	Water Treatment Equipment	64,530	64,530	2.86%	1,846
15	340	Transmission and Distribution - Land	5,835	5,835	-	-
16	342	Storage Tanks	441,841	441,841	2.00%	8,837
17	343	Transmission and Distribution Mains	3,470,341	3,470,341	1.79%	62,119
18	344	Fire Sprinkler Taps	60,776	60,776	2.00%	1,216
19	345	Services	906,504	906,504	2.38%	21,575
20	346	Meters	240,710	240,710	4.55%	10,952
21	348	Hydrants	155,474	155,474	1.82%	2,830
22	389	General Plant Land	7,046	7,046	0.00%	-
23	390	General Plant Structures	57,282	57,282	2.50%	1,432
24	390.1	Leasehold Improvements	B 103,396	103,396	20.00%	20,679
25	391	Office Furniture & Equipment	316,116	316,116	6.67%	21,085
26	393	Warehouse Equipment	5,877	5,877	5.00%	294
27	394	Tools, Shops, and Garage Equipment	133,027	133,027	4.00%	5,321
28	395	Laboratory Equipment	5,211	5,211	5.00%	261
29	396	Power Operated Equipment	7,549	7,549	6.67%	504
30	397	Communications Equipment	182,918	182,918	6.67%	12,201
31	398	Miscellaneous Equipment	30,460	30,460	3.33%	1,014
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 12,224,418	\$ 12,224,418		\$ 390,588
34		Less: Non- depreciable Account(s)	393,188	393,188		
35		Depreciable Plant (L29-L30)	\$ 11,831,230	\$ 11,831,230		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 324,169			
37		Composite Depreciation/Amortization Rate	3.3013%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 10,702
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 379,886

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (61,991)	\$ -	\$ (61,991)
2	State Income Taxes	(13,656)	-	(13,656)
3	Federal and State Income Tax Adjustments	\$ (75,647)	\$ -	\$ (75,647)

References:

- Col [A]: Company Schedule C-1 Page 6
- Col [B]: All Testimony
- Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,850,678	\$ 1,850,678
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,701,356	3,701,356
4	Staff Recommended Revenue, Per Schedule All-1	1,850,678	\$ 2,617,325
5	Subtotal (Line 4 + Line 5)	5,552,034	6,318,681
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,850,678	\$ 2,106,227
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,701,356	\$ 4,212,454
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,701,356	\$ 4,212,454.04
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	832,805	\$ 947,802
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	10.7200%	10.7200%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 89,277	
17	Company Proposed Property Tax	107,575	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (18,298)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 101,604
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 89,277
21	Increase/(Decrease) to Property Tax Expense		\$ 12,328
22	Decrease to Property Tax Expense		\$ 12,328
23	Increase in Revenue Requirement		\$ 766,647
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.6080%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF POST HEARING ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 12,022,723	\$ 201,695		\$ 12,224,418
2	Less: Accumulated Depreciation	2,881,483	41,509		2,922,992
3	Net Plant in Service	<u>\$ 9,141,240</u>	<u>\$ 160,186</u>		<u>\$ 9,301,426</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 324,169	\$ -		\$ 324,169
5	Less: Accumulated Amortization	62,181	-		62,181
6	Net CIAC	<u>\$ 261,988</u>	<u>\$ -</u>		<u>\$ 261,988</u>
7	Advances in Aid of Construction (AIAC)	12,005	-		12,005
8	Customer Deposits	31,336	-		31,336
9	Deferred Income Tax Credits	954,417	-		954,417
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	41,545	-		41,545
13	Net Regulatory Asset/(Liability)	(532,000)	-		(532,000)
17	Original Cost Rate Base	<u>\$ 7,391,039</u>	<u>\$ 160,186</u>		<u>\$ 7,551,225</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) STAFF DIRECT AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) STAFF FINAL ADJUSTED
1	301	PLANT IN SERVICE:									
2	302	Organization Cost	32								32
3	303	Franchise Cost	1,225								1,225
4	310.1	Other Intangibles	1,299								1,299
5	310.3	Water Rights	372,478								372,478
6	310.4	Other Source of Supply Land	90,605								90,605
7	314	Wells - Other	1,526,600								1,526,600
8	320	Wells	2,369,287								2,369,287
9	321	Pumping Plant Land	4,723								4,723
10	325	Pumping Plant Structures & Improvements	107,047								107,047
11	328	Electric Pumping Equipment	1,332,765	201,695							1,534,460
12	330	Gas Engine Equipment	163								163
13	331	Water Treatment Plant - Land	550								550
14	332	Water Treatment Structures and Improvements	21,056								21,056
15	340	Water Treatment Equipment	64,530								64,530
16	342	Transmission and Distribution - Land	5,835								5,835
17	343	Storage Tanks	441,841								441,841
18	344	Transmission and Distribution Mains	3,470,341								3,470,341
19	345	Fire Sprinkler Taps	60,776								60,776
20	346	Meters	906,504								906,504
21	348	Hydrants	240,710								240,710
22	369	General Plant Land	155,474								155,474
23	390	General Plant Structures	7,046								7,046
24	390.1	Leasehold Improvements	57,282								57,282
25	391	Office Furniture & Equipment	103,396								103,396
26	393	Warehouse Equipment	316,116								316,116
27	394	Tools, Shops, and Garage Equipment	5,877								5,877
28	395	Laboratory Equipment	133,027								133,027
29	396	Power Operated Equipment	5,211								5,211
30	397	Communications Equipment	7,549								7,549
31	398	Miscellaneous Equipment	182,918								182,918
32	0.000	Intentionally Left Blank	30,460								30,460
33		Subtotal Plant in Service	\$ 12,022,723	\$ 201,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,224,418
34		Add:									
35	Other 1	Construction Work in Progress									
36	Other 2	General Office Plant Allocation									
37	Other 3	Post Test Year Plant									
38	Other 4	General Office Plant Allocation									
40		Total Plant in Service:	\$ 12,022,723	\$ 201,695	\$ 41,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,224,418
41		Less: Accumulated Depreciation	2,881,483								2,881,483
42		Intentionally Left Blank									
43		Net Plant in Service (L59 - L 60)	\$ 9,141,240	\$ 201,695	\$ (41,509)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,301,426
44		LESS:									
45		Contributions in Aid of Construction (CIAC)									
46		Less: Accumulated Amortization	324,169								324,169
47		Net CIAC (L25 - L26)	62,181								62,181
48		Advances in Aid of Construction (AIAC)	261,988								261,988
49		Customer Deposits	12,005								12,005
50		Deferred Income Tax Credits	31,336								31,336
51			954,417								954,417
52											
53		ADD:									
54		Unamortized Finance Charges									
55		Deferred Tax Assets	41,545								41,545
56		Working Capital	(532,000)								(532,000)
57		Regulatory Asset (Liability)									
58		Original Cost Rate Base	\$ 7,391,039	\$ 201,695	\$ (41,509)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,551,225

ADJ #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
 Column [A] Schedule B-2

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 2,369,287	\$ -	\$ 2,369,287
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful - Wells</u>			
6					
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
8		n/a	n/a	\$0.00	
9		Total		\$0.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	325	Electric Pumping Equipment	\$ 1,332,765	\$ 201,695	\$ 1,534,460
2					
3					
4					
5		<u>Plant Not Used and Useful - Electric Pumping Equipment</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Brandy Heights Well #17/ Booster Pumps		\$201,695.00	
9		Total		\$201,695.00	

References:
 Col [A]: Company Schedule B-1
 Col [B]: BKB Testimony
 Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 2,957,804	\$ (34,813)	\$ 2,922,992
2					
3					
4					
5					
6		Accumulated Depreciation Associated with Plant Not Used			
7		and Useful - Water Treatment Structures and Improvements			
8					
9		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Accum. Depr.</u>	
10		Well # 23	55-528263	\$ 34,813	
11				<u>\$34,813</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER'S DEPOSIT

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 31,336</u>	<u>\$ 31,336</u>	<u>\$ 62,672</u>

References:
Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Miami Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Miami

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE</u> <u>NO.</u>	<u>ACCT.</u> <u>NO.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 41,545</u>	<u>\$ -</u>	<u>\$ 41,545</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Miami Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-12

ORIGINAL COST RATE BASE ADJUSTMENT # 4 CIAC ADJUSTMENT

LINE NO.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Contributions in Aid of Construction (CIAC)	\$ 324,169	\$ -	\$ 324,169
2		Less: Accumulated Amortization	62,181	-	62,181
3		Net CIAC (L1 - L2)	<u>\$ 261,988</u>	<u>\$ -</u>	<u>\$ 261,988</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 7,111,304
2	Adjusted Operating Income (Loss)	\$ 445,317
3	Current Rate of Return (L2 / L1)	6.26%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 576,016
6	Operating Income Deficiency (L5 - L2)	\$ 130,698
7	Gross Revenue Conversion Factor	1.6937
8	Required Revenue Increase (L7 * L6)	\$ 221,370
9	Adjusted Test Year Revenue	\$ 3,185,371
10	Proposed Annual Revenue (L8 + L9)	\$ 3,406,741
11	Required Increase in Revenue (%)	6.95%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF ADJUSTED TEST YEAR AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 3,145,386	\$ -	\$ 3,145,386	\$ 221,370	\$ 3,366,756
3	Miscellaneous	39,985	-	39,985	-	39,985
4	Total Operating Revenues	\$ 3,185,371	\$ -	\$ 3,185,371	\$ 221,370	\$ 3,406,741
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	-	\$ -	\$ -
9	Other	4,539	-	4,539	-	4,539
10	Pumping Expenses					
11	Purchased Power	445,517	-	445,517	-	445,517
12	Purchased Gas	1,313	-	1,313	-	1,313
13	Other	96,097	-	96,097	-	96,097
14	Water Treatment Expenses	55,387	-	55,387	-	55,387
15	Transmission and Distribution Expenses	490,572	-	490,572	-	490,572
16	Customer Accounting Expenses	314,042	-	314,042	-	314,042
17	Sales Expense	804	-	804	-	804
18	Administrative and General Expenses	544,833	-	544,833	-	544,833
19	Total Operation and Maintenance Expense	\$ 1,953,104	\$ -	\$ 1,953,104	\$ -	\$ 1,953,104
20						
21	Depreciation and Amortization Expenses	447,387	-	447,387	-	447,387
22						
23	Taxes			97,767		
24	Federal Income Taxes	97,767	(2,373)	95,394	70,924	166,318
25	State Income Taxes	21,537	-	21,537	15,101	36,638
26	Property Taxes	182,278	-	182,278	4,646	186,924
27	Other	40,354	-	40,354	-	40,354
28	Total Taxes	\$ 341,936	\$ (2,373)	\$ 339,563	\$ 90,672	\$ 430,235
29	Total Operating Expenses	\$ 2,742,426	\$ (2,373)	\$ 2,740,054	\$ 90,672	\$ 2,830,726
30	Operating Income (Loss)	\$ 442,945	\$ 2,373	\$ 445,317	\$ 130,698	\$ 576,016

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 17,711,002	\$ (704)		17,710,298
2	Less: Accumulated Depreciation	\$ 6,332,039	(746)		6,331,293
3	Net Plant in Service	<u>\$ 11,378,963</u>	<u>\$ 42</u>		<u>\$ 11,379,005</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	1,541,976	\$ -		1,541,976
5	Less: Accumulated Amortization	332,770	-		332,770
6	Net CIAC	<u>\$ 1,209,206</u>	<u>\$ -</u>		<u>\$ 1,209,206</u>
7	Advances in Aid of Construction (AIAC)	1,712,167	-		1,712,167
8	Customer Deposits	-	33,525		33,525
9	Deferred Income Tax Credits	1,448,874	-		1,448,874
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	172,983	(36,912)		136,071
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 7,181,699</u>	<u>\$ (70,395)</u>		<u>\$ 7,111,304</u>

References:

Column (A), Company Schedule B-1 (TAB RB SUM XXX-4)

Column [B]: Column [C] - Column [A]

Column [C], Staff Adjusted Total Col. [BS] (TAB RB SUM XXX-4)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 2,491,943
2	Adjusted Operating Income (Loss)	\$ 276,860
3	Current Rate of Return (L2 / L1)	11.11%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 201,847
6	Operating Income Deficiency (L5 - L2)	\$ (75,013)
7	Gross Revenue Conversion Factor	1.6586
8	Required Revenue Increase (L7 * L6)	\$ (124,415)
9	Adjusted Test Year Revenue	\$ 1,461,897
10	Proposed Annual Revenue (L8 + L9)	\$ 1,337,482
11	Required Increase in Revenue (%)	-8.51%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.7078%			
5	Subtotal (L3 - L4)	60.2922%			
6	Revenue Conversion Factor (L1 / L5)	1.658588903			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.8060%			
22	Effective Property Tax Factor (L 21 * L 22)	0.011089042			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.7078%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 201,847			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 276,860			
26	Required Increase in Operating Income (L24 - L25)		\$ (75,013)		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 71,120			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 118,276			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (47,156)		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,337,482			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 76,959			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 79,206			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ (2,247)		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ (124,415)		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 1,461,897	\$ (124,415)	\$ 1,337,482	
40	Operating Expenses Excluding Income Taxes	\$ 1,066,761		\$ 1,064,514	
41	Synchronized Interest (L47)	\$ 88,713		\$ 88,713	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 306,422		\$ 184,254	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 21,352		\$ 12,839
45	Federal Taxable Income (L33 - L35)	\$ 285,071		\$ 171,415	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 96,924		\$ 58,281	
51	Total Federal Income Tax	\$ 96,924		\$ 58,281	
52	Combined Federal and State Income Tax (L35 + L42)	\$ 118,276		\$ 71,120	
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 2,491,943			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 88,713			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 1,445,252	\$ -	\$ 1,445,252	\$ (124,415)	\$ 1,320,837
3	Miscellaneous	16,645	-	16,645	-	16,645
4	Total Operating Revenues	\$ 1,461,897	\$ -	\$ 1,461,897	\$ (124,415)	\$ 1,337,482
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	2,096	-	2,096	-	2,096
10	Pumping Expenses					
11	Purchased Power	220,661	-	220,661	-	220,661
12	Purchased Gas	698	-	698	-	698
13	Other	46,020	-	46,020	-	46,020
14	Water Treatment Expenses	22,454	-	22,454	-	22,454
15	Transmission and Distribution Expenses	213,732	-	213,732	-	213,732
16	Customer Accounting Expenses	134,508	-	134,508	-	134,508
17	Sales Expense	275	-	275	-	275
18	Administrative and General Expenses	152,250	-	152,250	-	152,250
19	Total Operation and Maintenance Expense	\$ 792,694	-	\$ 792,694	-	\$ 792,694
20						
21	Depreciation and Amortization Expenses	181,323	-	181,323	-	181,323
22						
23	Taxes					
24	Federal Income Taxes	96,924	-	96,924	(38,643)	58,281
25	State Income Taxes	21,352	-	21,352	(8,513)	12,839
26	Property Taxes	79,206	-	79,206	-	76,959
27	Other	13,539	-	13,539	-	13,539
28	Total Taxes	\$ 211,020	\$ -	\$ 211,020	\$ (47,156)	\$ 161,618
29	Total Operating Expenses	\$ 1,185,037	\$ -	\$ 1,185,037	\$ (47,156)	\$ 1,135,635
30	Operating Income (Loss)	\$ 276,860	\$ -	\$ 276,860	\$ (77,260)	\$ 201,847

References:

Column [A]: Company Schedule C-1 Pg. 4 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF TEST YEAR ADJUSTED
1	<i>Operating Revenues:</i>										
2	Residential	\$ 1,067,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,067,828
3	Commercial	346,169	-	-	-	-	-	-	-	-	346,169
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	1,924	-	-	-	-	-	-	-	-	1,924
6	Other Water Revenues	29,331	-	-	-	-	-	-	-	-	29,331
7	Total Water Revenues	\$ 1,445,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,445,252
8											
9	Miscellaneous	16,645	-	-	-	-	-	-	-	-	16,645
10	Total Operating Revenues	\$ 1,461,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,461,897
11											
12	<i>OPERATING EXPENSES:</i>										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	2,096	-	-	-	-	-	-	-	-	2,096
16	Pumping Expenses										
17	Purchased Power	220,661	-	-	-	-	-	-	-	-	220,661
18	Purchased Gas	698	-	-	-	-	-	-	-	-	698
19	Other	46,020	-	-	-	-	-	-	-	-	46,020
20	Water Treatment Expenses	22,454	-	-	-	-	-	-	-	-	22,454
21	Transmission and Distribution Expenses	213,732	-	-	-	-	-	-	-	-	213,732
22	Customer Accounting Expenses	134,508	-	-	-	-	-	-	-	-	134,508
23	Sales Expense	275	-	-	-	-	-	-	-	-	275
24	Administrative and General Expenses	152,250	-	-	-	-	-	-	-	-	152,250
25	Total Operation and Maintenance Expense	\$ 792,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792,694
26											
27	Depreciation and Amortization Expenses	181,323	-	-	-	-	-	-	-	-	181,323
28											
29	Taxes										
30	Federal Income Taxes	96,924	-	-	-	-	-	-	-	-	96,924
31	State Income Taxes	21,352	-	-	-	-	-	-	-	-	21,352
32	Property Taxes	79,206	-	-	-	-	-	-	-	-	79,206
33	Other	13,539	-	-	-	-	-	-	-	-	13,539
34	Total Taxes	\$ 211,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,020
35											
36	Total Operating Expenses	\$ 1,185,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,185,037
37	Operating Income (Income)	\$ 276,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,860

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	2,096	-	2,096
3	Total Source of Supply Expenses	<u>\$ 2,096</u>	<u>\$ -</u>	<u>\$ 2,096</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 220,661	\$ -	\$ 220,661
2	Purchased Gas	698	-	698
3	Other	46,020	-	46,020
4	Total Pumping Expenses	<u>\$ 267,379</u>	<u>\$ -</u>	<u>\$ 267,379</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 22,454	\$ -	\$ 22,454
2				
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6	Acct.	Company	Staff	Staff
7	No. <u>Operations Ledger</u>	<u>Recorded</u>	<u>Adjustment</u>	<u>Recommended</u>
8	640 Water Treatment - Operations & Supervision	1,023	\$ -	\$ 1,023
9	641 Water Treatment - Operations Chemicals	8,699	-	8,699
10	642 Water Treatment - Operations Labor & Expense	13,588	-	13,588
11				
12	<u>Maintenance Ledger</u>			
13	650 Water Treatment - Maintenance & Supervision	5,090	-	5,090
14	651 Water Treatment - Maint Struct & Improvemt	-	-	-
15	652 Water Treatment - Maintenance & Equipment	1,071	-	1,071
16	Company Adjustment JMR-3, JMR-4 & JMR-7	(7,017)	-	(7,017)
17	Total	\$ 22,454	\$ -	\$ 22,454

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Exp.	\$ 213,732	\$ 184	\$ 213,915
2				
3				
4	<u>Normalization of Three Year Actual Tank Maintanance Expense</u>			
5		<u>Year</u>		<u>Expense</u>
6	Tank Maintenance expense	2005		4,847
7	Tank Maintenance expense	2006		32,160
8	Tank Maintenance expense	2007		1,707
9	Total			\$ 38,714
10				
11	Normalized Three Year Average			\$ 12,905
12	Company Proposed			\$ 12,721
13	Staff Adjustment			\$ 184

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

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OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative & General Expenses	<u>\$ 152,250</u>	<u>\$ -</u>	<u>\$ 152,250</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 181,323	\$ -	\$ 181,323

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 17	\$ 17	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	739	739	0.00%	-
4	310	Water Rights	27,536	27,536	0.00%	-
5	310	Other Source of Supply Land	8,932	8,932	-	-
6	310	Wells - Other	2	2	-	-
7	314	Wells	651,948	651,948	3.13%	20,406
8	320	Pumping Plant Land	1,881	1,881	-	-
9	321	Pumping Plant Structures & Improvements	13,385	13,385	2.86%	383
10	325	Electric Pumping Equipment	687,455	687,455	5.88%	40,422
11	328	Gas Engine Equipment	16,467	16,467	4.00%	659
12	330	Water Treatment Plant - Land	-	-	-	-
13	331	Water Treatment Structures and Improvements	14,812	14,812	2.50%	370
14	332	Water Treatment Equipment	78,110	78,110	2.86%	2,234
15	340	Transmission and Distribution - Land	-	-	-	-
16	342	Storage Tanks	380,102	380,102	2.00%	7,602
17	343	Transmission and Distribution Mains	3,090,279	3,090,279	1.79%	55,316
18	344	Fire Sprinkler Taps	148,520	148,520	2.00%	2,970
19	345	Services	1,158,606	1,158,606	2.38%	27,575
20	346	Meters	216,066	216,066	4.55%	9,831
21	348	Hydrants	354,634	354,634	1.82%	6,454
22	389	General Plant Land	66	66	0.00%	-
23	390	General Plant Structures	26,244	26,244	2.50%	656
24	390	Leasehold Improvements	33,952	33,952	20.00%	6,790
25	391	Office Furniture & Equipment	187,800	187,800	6.67%	12,526
26	393	Warehouse Equipment	152	152	5.00%	8
27	394	Tools, Shops, and Garage Equipment	33,942	33,942	4.00%	1,358
28	395	Laboratory Equipment	2,080	2,080	5.00%	104
29	396	Power Operated Equipment	17,241	17,241	6.67%	1,150
30	397	Communications Equipment	235,037	235,037	6.67%	15,677
31	398	Miscellaneous Equipment	10,339	10,339	3.33%	344
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 7,396,345	\$ 7,396,345		\$ 212,836
34		Less: Non-depreciable Account(s)	39,171	39,171		
35		Depreciable Plant (L29-L30)	\$ 7,357,174	\$ 7,357,174		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 1,089,317			
37		Composite Depreciation/Amortization Rate	2.8929%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 31,513
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 181,323

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OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 96,924	\$ -	\$ 96,924
2	State Income Taxes	21,352	-	21,352
3	Federal and State Income Taxes	<u>\$ 118,276</u>	<u>\$ -</u>	<u>\$ 118,276</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,461,897	\$ 1,461,897
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,923,794	\$ 2,923,794
4	Staff Recommended Revenue, Per Schedule All-1	1,461,897	\$ 1,337,482
5	Subtotal (Line 4 + Line 5)	4,385,691	4,261,276
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,461,897	\$ 1,420,425
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,923,794	\$ 2,840,851
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,923,794	\$ 2,840,850.58
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	657,854	\$ 639,191
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	12.0400%	12.0400%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 79,206	
17	Company Proposed Property Tax	80,115	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (909)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 76,959
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 79,206
21	Increase/(Decrease) to Property Tax Expense		\$ (2,247)
22	Decrease to Property Tax Expense		\$ (2,247)
23	Increase in Revenue Requirement		\$ (124,415)
24	Decrease to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.8060%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF SURREBUTTAL ADJUSTED
1	Plant in Service	\$ 7,396,345	\$ -		\$ 7,396,345
2	Less: Accumulated Depreciation	2,113,607	-		2,113,607
3	Net Plant in Service	<u>\$ 5,282,738</u>	<u>\$ -</u>		<u>\$ 5,282,738</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 1,089,317	\$ -		\$ 1,089,317
5	Less: Accumulated Amortization	226,089	-		226,089
6	Net CIAC	<u>\$ 863,228</u>	<u>\$ -</u>		<u>\$ 863,228</u>
7	Advances in Aid of Construction (AIAC)	1,453,186	-		1,453,186
8	Customer Deposits	15,925	-		15,925
9	Deferred Income Tax Credits	494,457	-		494,457
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	36,001	-		36,001
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u><u>\$ 2,491,943</u></u>	<u><u>\$ -</u></u>		<u><u>\$ 2,491,943</u></u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) STAFF FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #	(I) STAFF FINAL ADJUSTED
1		PLANT IN SERVICE:									
2	301	Organization Cost	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17
3	302	Franchise Cost	-	-	-	-	-	-	-	-	-
4	303	Other Intangibles	739	-	-	-	-	-	-	-	739
5	310.1	Water Rights	27,536	-	-	-	-	-	-	-	27,536
6	310.3	Other Source of Supply Land	8,932	-	-	-	-	-	-	-	8,932
7	310.4	Wells - Other	2	-	-	-	-	-	-	-	2
8	314	Wells	651,948	-	-	-	-	-	-	-	651,948
9	320	Pumping Plant Land	1,881	-	-	-	-	-	-	-	1,881
10	321	Pumping Plant Structures & Improvements	13,385	-	-	-	-	-	-	-	13,385
11	325	Electric Pumping Equipment	687,455	-	-	-	-	-	-	-	687,455
12	328	Gas Engine Equipment	16,467	-	-	-	-	-	-	-	16,467
13	330	Water Treatment Plant - Land	-	-	-	-	-	-	-	-	-
14	331	Water Treatment Structures and Improvements	14,812	-	-	-	-	-	-	-	14,812
15	332	Water Treatment Equipment	78,110	-	-	-	-	-	-	-	78,110
16	340	Transmission and Distribution - Land	-	-	-	-	-	-	-	-	-
17	342	Storage Tanks	380,102	-	-	-	-	-	-	-	380,102
18	344	Transmission and Distribution Mains	3,090,279	-	-	-	-	-	-	-	3,090,279
19	345	Fire Sprinkler Taps	148,520	-	-	-	-	-	-	-	148,520
20	346	Meters	1,198,606	-	-	-	-	-	-	-	1,198,606
21	348	Hydrants	354,634	-	-	-	-	-	-	-	354,634
22	369	General Plant Land	66	-	-	-	-	-	-	-	66
23	390	General Plant Structures	26,244	-	-	-	-	-	-	-	26,244
24	390.1	Leasehold Improvements	33,952	-	-	-	-	-	-	-	33,952
25	391	Office Furniture & Equipment	187,800	-	-	-	-	-	-	-	187,800
26	393	Warehouse Equipment	152	-	-	-	-	-	-	-	152
27	394	Tools, Shops, and Garage Equipment	33,942	-	-	-	-	-	-	-	33,942
28	395	Laboratory Equipment	2,080	-	-	-	-	-	-	-	2,080
29	396	Power Operated Equipment	17,241	-	-	-	-	-	-	-	17,241
30	397	Communications Equipment	235,037	-	-	-	-	-	-	-	235,037
31	398	Miscellaneous Equipment	10,339	-	-	-	-	-	-	-	10,339
32	0.000	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
33		Subtotal Plant in Service	\$ 7,396,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,396,345
34	Other 1	Construction Work in Progress	-	-	-	-	-	-	-	-	-
35	Other 2	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
36	Less:		-	-	-	-	-	-	-	-	-
37	Other 3	Post Test Year Plant	-	-	-	-	-	-	-	-	-
38	Other 4	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
39			-	-	-	-	-	-	-	-	-
40		Total Plant in Service:	\$ 7,396,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,396,345
41	Less:	Accumulated Depreciation	2,113,607	-	-	-	-	-	-	-	2,113,607
42		Intentionally Left Blank	-	-	-	-	-	-	-	-	-
43		Net Plant in Service (L59 - L 60)	\$ 5,282,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,282,738
44											
45	LESS:										
46		Contributions in Aid of Construction (CIAC)	\$ 1,089,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,089,317
47	Less:	Accumulated Amortization	226,089	-	-	-	-	-	-	-	226,089
48		Net CIAC (L25 - L28)	\$ 863,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 863,228
49		Advances in Aid of Construction (AIAC)	1,453,186	-	-	-	-	-	-	-	1,453,186
50		Customer Deposits	15,925	-	-	-	-	-	-	-	15,925
51		Deferred Income Tax Credits	494,457	-	-	-	-	-	-	-	494,457
52											
53	ADD:										
54		Unamortized Finance Charges	-	-	-	-	-	-	-	-	-
55		Deferred Tax Assets	-	-	-	-	-	-	-	-	-
56		Working Capital	36,001	-	-	-	-	-	-	-	36,001
57		Intentionally Left Blank	-	-	-	-	-	-	-	-	-
58		Original Cost Rate Base	\$ 2,491,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,491,943

ADJ. #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
 Column [A] Schedule B-2

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 15,925</u>	<u>\$ 15,925</u>	<u>\$ 31,850</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 36,001</u>	<u>\$ -</u>	<u>\$ 36,001</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL COST
1	Adjusted Rate Base	\$ 4,619,362
2	Adjusted Operating Income (Loss)	\$ 166,085
3	Current Rate of Return (L2 / L1)	3.60%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 374,168
6	Operating Income Deficiency (L5 - L2)	\$ 208,084
7	Gross Revenue Conversion Factor	1.6618
8	Required Revenue Increase (L7 * L6)	\$ 345,785
9	Adjusted Test Year Revenue	\$ 1,723,474
10	Proposed Annual Revenue (L8 + L9)	\$ 2,069,259
11	Required Increase in Revenue (%)	20.06%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.8229%			
5	Subtotal (L3 - L4)	60.1771%			
6	Revenue Conversion Factor (L1 / L5)	1.661762013			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.9935%			
22	Effective Property Tax Factor (L 21 * L 22)	0.012240313			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.8229%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 374,168			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 166,085			
26	Required Increase in Operating Income (L24 - L25)		\$ 208,084		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 131,837			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 1,028			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 130,809		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 2,069,259			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 109,966			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 103,072			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 6,893		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 345,785		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [D], Line 10)	\$ 1,723,474	\$ 345,785	\$ 2,069,259	
40	Operating Expenses Excluding Income Taxes	\$ 1,556,361		\$ 1,563,254	
41	Synchronized Interest (L47)	\$ 164,449		\$ 164,449	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 2,664		\$ 341,556	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 186		\$ 23,800
45	Federal Taxable Income (L33 - L35)	\$ 2,478		\$ 317,756	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 -\$10,000,000) @ 34%	\$ 843		\$ 108,037	
51	Total Federal Income Tax		\$ 843		\$ 108,037
52	Combined Federal and State Income Tax (L35 + L42)		\$ 1,028		\$ 131,837
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 4,619,362			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 164,449			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	(A) STAFF ADJUSTED TEST YEAR AS FILED	(B) STAFF SURREBUTTAL ADJUSTMENTS	(C) STAFF SURREBUTTAL TEST YEAR ADJUSTED	(D) STAFF AMENDMENTS	(E) STAFF FINAL RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 1,700,134	\$ -	\$ 1,700,134	\$ 345,785	\$ 2,045,919
3	Miscellaneous	23,340	-	23,340	-	23,340
4	Total Operating Revenues	\$ 1,723,474	\$ -	\$ 1,723,474	\$ 345,785	\$ 2,069,259
	<u>OPERATING EXPENSES:</u>					
5	Source of Supply Expenses					
6	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
7	Other	2,443	-	2,443	-	2,443
8	Pumping Expenses	-	-	-	-	-
9	Purchased Power	224,856	-	224,856	-	224,856
10	Purchased Gas	615	-	615	-	615
11	Other	50,077	-	50,077	-	50,077
12	Water Treatment Expenses	32,933	-	32,933	-	32,933
13	Transmission and Distribution Expenses	276,840	-	276,840	-	276,840
14	Customer Accounting Expenses	179,534	-	179,534	-	179,534
15	Sales Expense	529	-	529	-	529
16	Administrative and General Expenses	392,583	-	392,583	-	392,583
17	Total Operation and Maintenance Expense	\$ 1,160,410	-	\$ 1,160,410	-	\$ 1,160,410
18	Depreciation and Amortization Expenses	266,064	-	266,064	-	266,064
19	Taxes					
20	Federal Income Taxes	843	-	843	107,195	108,037
21	State Income Taxes	186	-	186	23,614	23,800
22	Property Taxes	103,072	-	103,072	6,893	109,966
23	Other	26,815	-	26,815	-	26,815
24	Total Taxes	\$ 130,915	-	\$ 130,915	\$ 137,702	\$ 268,617
25	Total Operating Expenses	\$ 1,557,389	-	\$ 1,557,389	\$ 137,702	\$ 1,695,091
26	Operating Income (Loss)	\$ 166,085	-	\$ 166,085	\$ 208,084	\$ 374,168

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 1,192,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,192,596
3	Commercial	491,700	-	-	-	-	-	-	-	-	491,700
4	Industrial	2,302	-	-	-	-	-	-	-	-	2,302
5	Private Fire Service	908	-	-	-	-	-	-	-	-	908
6	Other Water Revenues	12,628	-	-	-	-	-	-	-	-	12,628
7	Total Water Revenues	\$ 1,700,134	\$ -	\$ 1,700,134							
8											
9	Miscellaneous	23,340	-	-	-	-	-	-	-	-	23,340
10	Total Operating Revenues	\$ 1,723,474	\$ -	\$ 1,723,474							
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	2,443	-	-	-	-	-	-	-	-	2,443
16	Pumping Expenses										
17	Purchased Power	224,856	-	-	-	-	-	-	-	-	224,856
18	Purchased Gas	615	-	-	-	-	-	-	-	-	615
19	Other	50,077	-	-	-	-	-	-	-	-	50,077
20	Water Treatment Expenses	32,933	-	-	-	-	-	-	-	-	32,933
21	Transmission and Distribution Expenses	276,840	-	-	-	-	-	-	-	-	276,840
22	Customer Accounting Expenses	179,534	-	-	-	-	-	-	-	-	179,534
23	Sales Expense	529	-	-	-	-	-	-	-	-	529
24	Administrative and General Expenses	392,583	-	-	-	-	-	-	-	-	392,583
25	Total Operation and Maintenance Expense	\$ 1,160,410	\$ -	\$ 1,160,410							
26											
27	Depreciation and Amortization Expenses	266,064	-	-	-	-	-	-	-	-	266,064
28											
29	Taxes	-	-	-	-	-	-	-	-	-	-
30	Federal Income Taxes	843	-	-	-	-	-	-	-	-	843
31	State Income Taxes	186	-	-	-	-	-	-	-	-	186
32	Property Taxes	103,072	-	-	-	-	-	-	-	-	103,072
33	Other	26,815	-	-	-	-	-	-	-	-	26,815
34	Total Taxes	\$ 130,915	\$ -	\$ 130,915							
35											
36	Total Operating Expenses	\$ 1,557,389	\$ -	\$ 1,557,389							
37	Operating Income (Income)	\$ 166,085	\$ -	\$ 166,085							

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	2,443	-	2,443
3	Total Source of Supply Expenses	<u>\$ 2,443</u>	<u>\$ -</u>	<u>\$ 2,443</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

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OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 224,856	\$ -	\$ 224,856
2	Purchased Gas	615	-	615
3	Other	50,077	-	50,077
4	Total Pumping Expenses	<u>\$ 275,548</u>	<u>\$ -</u>	<u>\$ 275,548</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TESTING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 32,933	\$ -	\$ 32,933
2	Total	\$ 32,933	\$ -	\$ 32,933
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6	Acct. Operations Ledger	Company Recorded	Staff Adjustment	Staff Recommended
7	640 Water Treatment - Operations & Supervision	\$ 1,220	\$ -	\$ 1,220
8	641 Water Treatment - Operations Chemicals	16,598	-	16,598
9	642 Water Treatment - Operations Labor & Expense	16,872	-	16,872
10				
11	<u>Maintenance Ledger</u>			
12	650 Water Treatment - Maintenance & Supervision	6,073	-	6,073
13	651 Water Treatment - Maint Struct & Improvemt	-	-	-
14	652 Water Treatment - Maintenance & Equipment	1,287	-	1,287
15	Company Adjustment	(9,117)	-	(9,117)
16	Total	\$ 32,933	\$ -	\$ 32,933

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISION AND DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 270,483	\$ 6,357	\$ 276,840
2	Total	\$ 270,483	\$ 6,357	\$ 276,840
3				
4	Normalization of Three Year Actual Tank Maintanance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		\$ 2,398
7	Tank Maintenance expense	2006		98,540
8	Tank Maintenance expense	2007		2,970
9	Total			103,908
10				
11	Normalized Three Year Average			34,636
12	Company Proposed			28,279
13	Staff Adjustment			\$ 6,357

References:

Col [A]: Company Schedule C-1 Page 3
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative & General Expenses	\$ 392,583	\$ -	\$ 392,583

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION AND AMORTIZATION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 261,462	\$ 4,602	\$ 266,064

CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSES

ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service					
1	301 Organization Cost	\$ 32	\$ 32	0.00%	\$ -
2	302 Franchise Cost	18,755	18,755	0.00%	\$ -
3	303 Other Intangibles	24,544	24,544	0.00%	-
4	310 Water Rights	307,085	307,085	0.00%	-
5	310 Other Source of Supply Land	4,037	4,037	0.00%	-
6	310 Wells - Other	-	-	-	-
7	314 Wells	538,724	538,724	3.13%	16,862
8	320 Pumping Plant Land	7,054	7,054	0.00%	-
9	321 Pumping Plant Structures & Improvements	33,537	33,537	2.86%	959
10	325 Electric Pumping Equipment	677,163	677,163	5.88%	39,817
11	328 Gas Engine Equipment	171,885	171,885	4.00%	6,875
12	330 Water Treatment Plant - Land	-	-	0.00%	-
13	331 Water Treatment Structures and Improvements	1,452	1,452	2.50%	36
14	332 Water Treatment Equipment	45,051	45,051	2.86%	1,288
15	340 Transmission and Distribution - Land	5,044	5,044	0.00%	-
16	342 Storage Tanks	369,280	369,280	2.00%	7,386
17	343 Transmission and Distribution Mains	5,385,815	5,385,815	1.79%	96,406
18	344 Fire Sprinkler Taps	51,566	51,566	2.00%	1,031
19	345 Services	1,346,780	1,346,780	2.38%	32,053
20	346 Meters	226,315	226,315	4.55%	10,297
21	348 Hydrants	279,943	279,943	1.82%	5,095
22	389 General Plant Land	2,384	2,384	0.00%	-
23	390 General Plant Structures	21,174	21,174	2.50%	529
24	390 Leasehold Improvements	73,770	73,770	20.00%	14,754
25	391 Office Furniture & Equipment	324,673	324,673	6.67%	21,656
26	393 Warehouse Equipment	293	293	5.00%	15
27	394 Tools, Shops, and Garage Equipment	75,839	75,839	4.00%	3,034
28	395 Laboratory Equipment	740	740	5.00%	37
29	396 Power Operated Equipment	16,632	16,632	6.67%	1,109
30	397 Communications Equipment	280,676	280,676	6.67%	18,721
31	398 Miscellaneous Equipment	23,710	23,710	3.33%	790
32	0 Intentionally Left Blank				
33	Subtotal General	\$ 10,313,954	\$ 10,313,954		\$ 278,751
34	Less: Non- depreciable Account(s)	368,935	368,935		
35	Depreciable Plant (L29-L30)	\$ 9,945,019	\$ 9,945,019		
36	Contributions-in-Aid-of-Construction (CIAC)	\$ 452,659			
37	Composite Depreciation/Amortization Rate	2.8029%			
38	Less: Amortization of CIAC (L32 x L33)				\$ 12,688
39	Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 266,064

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 843	\$ -	\$ 843
2	State Income Taxes	186	-	186
3	Federal and State Income Tax Adjustments	\$ 1,028	\$ -	\$ 1,028

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,723,474	\$ 1,723,474
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,446,948	\$ 3,446,948
4	Staff Recommended Revenue, Per Schedule All-1	1,723,474	\$ 2,069,259
5	Subtotal (Line 4 + Line 5)	5,170,422	5,516,207
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,723,474	\$ 1,838,736
8	Department of Revenue Mutiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,446,948	\$ 3,677,472
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,446,948	\$ 3,677,471.57
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	775,563	\$ 827,431
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	13.2900%	13.2900%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 103,072	
17	Company Proposed Property Tax	114,911	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (11,839)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 109,966
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 103,072
21	Increase/(Decrease) to Property Tax Expense		\$ 6,893
22	Decrease to Property Tax Expense		\$ 6,893
23	Increase in Revenue Requirement		\$ 345,785
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.9935%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 10,313,954	\$ -		\$ 10,313,954
2	Less: Accumulated Depreciation	4,217,686	-		4,217,686
3	Net Plant in Service	<u>\$ 6,096,268</u>	<u>\$ -</u>		<u>\$ 6,096,268</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 452,659	\$ -		\$ 452,659
5	Less: Accumulated Amortization	106,681	-		106,681
6	Net CIAC	<u>\$ 345,978</u>	<u>\$ -</u>		<u>\$ 345,978</u>
7	Advances in Aid of Construction (AIAC)	258,981	-		258,981
8	Customer Deposits	17,600	-		17,600
9	Deferred Income Tax Credits	954,417	-		954,417
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	100,070	-		100,070
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u><u>\$ 4,619,362</u></u>	<u><u>\$ -</u></u>		<u><u>\$ 4,619,362</u></u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	397	Communications Equipment	\$ 281,380	\$ (704)	\$ 280,676
2					
3					
4					
5		<u>Plant Not Used and Useful - Communications Equipment</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Black Gap Repeater Stat. / Metal Bldg		\$704.00	
9		Total		<u>\$704.00</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 4,218,432	\$ (746)	\$ 4,217,686
2					
3					
4					
5		<u>Accumulated Depreciation Associated With Plant Not Used and Useful - Communications Equipment</u>			
6					
7				Accumulated	
8		<u>AWC Location / Description</u>		<u>Depreciation</u>	
9		Black Gap Repeater Stat. / Metal Bldg		\$746.06	
10		Total		<u>\$746.06</u>	

References:
Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE</u> <u>NO.</u>	<u>ACCT.</u> <u>NO.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1	n/a	Customer Deposits	\$ -	\$ 17,600	\$ 17,600

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Working Capital	<u>\$ 124,134</u>	<u>\$ (24,064)</u>	<u>\$ 100,070</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 336,179
2	Adjusted Operating Income (Loss)	\$ 13,738
3	Current Rate of Return (L2 / L1)	4.09%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 27,231
6	Operating Income Deficiency (L5 - L2)	\$ 13,492
7	Gross Revenue Conversion Factor	1.6816
8	Required Revenue Increase (L7 * L6)	\$ 22,688
9	Adjusted Test Year Revenue	\$ 98,722
10	Proposed Annual Revenue (L8 + L9)	\$ 121,410
11	Required Increase in Revenue (%)	22.98%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	40.5330%			
5	Subtotal (L3 - L4)	59.4670%			
6	Revenue Conversion Factor (L1 / L5)	1.681605356			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	3.1500%			
22	Effective Property Tax Factor (L 21 * L 22)	0.019341353			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		40.5330%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 27,231			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 13,738			
26	Required Increase in Operating Income (L24 - L25)		\$ 13,492		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 9,595			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 1,113			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 8,482		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 121,410			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 10,044			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 9,329			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 715		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 22,688		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 98,722	\$ 22,688	\$ 121,410	\$ -
40	Operating Expenses Excluding Income Taxes	\$ 83,871		\$ 84,585	
41	Synchronized Interest (L47)	\$ 11,968		\$ 11,968	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 2,883		\$ 24,857	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 201		\$ 1,732
45	Federal Taxable Income (L33 - L35)	\$ 2,682		\$ 23,125	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 912		\$ 7,863	
51	Total Federal Income Tax	\$ 912		\$ 7,863	
52	Combined Federal and State Income Tax (L35 + L42)	\$ 1,113		\$ 9,595	
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [C], Line (17))	\$ 336,179			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 11,968			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Metered Revenues	\$ 97,519	\$ -	\$ 97,519	\$ 22,688	\$ 120,207
3	Miscellaneous	1,203	-	1,203	-	1,203
4	Total Operating Revenues	\$ 98,722	\$ -	\$ 98,722	\$ 22,688	\$ 121,410
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	897	-	897.00	-	897
10	Pumping Expenses					
11	Purchased Power	7,310	-	7,310	-	7,310
12	Purchased Gas	-	-	-	-	-
13	Other	4,150	-	4,150	-	4,150
14	Water Treatment Expenses	1,372	-	1,372	-	1,372
15	Transmission and Distribution Expenses	14,249	-	14,249	-	14,249
16	Customer Accounting Expenses	11,332	-	11,332	-	11,332
17	Sales Expense	58	-	58	-	58
18	Administrative and General Expenses	16,118	-	16,118	-	16,118
19	Total Operation and Maintenance Expense	\$ 55,486	-	\$ 55,486	-	\$ 55,486
20						
21	Depreciation and Amortization Expenses	17,819	-	17,819	-	17,819
22						
23	Taxes					
24	Federal Income Taxes	912	-	912	6,950	7,863
25	State Income Taxes	201	-	201	1,531	1,732
26	Property Taxes	9,329	-	9,329	715	10,044
27	Other	1,236	-	1,236	-	1,236
28	Total Taxes	\$ 11,678	\$ -	\$ 11,678	\$ 9,196	\$ 20,874
29	Total Operating Expenses	\$ 84,984	\$ -	\$ 84,984	\$ 9,196	\$ 94,180
30	Operating Income (Loss)	\$ 13,738	\$ -	\$ 13,738	\$ 13,492	\$ 27,231

References:

Column [A]: Company Schedule C-1 Pg. 6 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL TEST YEAR AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] ADJ #8	[J] STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 44,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,901
3	Commercial	50,096	-	-	-	-	-	-	-	-	50,096
4	Industrial	1,774	-	-	-	-	-	-	-	-	1,774
5	Private Fire Service	-	-	-	-	-	-	-	-	-	-
6	Other Water Revenues	748	-	-	-	-	-	-	-	-	748
7	Total Water Revenues	\$ 97,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,519
8											
9	Miscellaneous	1,203	-	-	-	-	-	-	-	-	1,203
10	Total Operating Revenues	\$ 98,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,722
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	897	-	-	-	-	-	-	-	-	897
16	Pumping Expenses										
17	Purchased Power	7,310	-	-	-	-	-	-	-	-	7,310
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	4,150	-	-	-	-	-	-	-	-	4,150
20	Water Treatment Expenses	1,372	-	-	-	-	-	-	-	-	1,372
21	Transmission and Distribution Expenses	14,249	-	-	-	-	-	-	-	-	14,249
22	Customer Accounting Expenses	11,332	-	-	-	-	-	-	-	-	11,332
23	Sales Expense	58	-	-	-	-	-	-	-	-	58
24	Administrative and General Expenses	16,118	-	-	-	-	-	-	-	-	16,118
25	Total Operation and Maintenance Expense	\$ 55,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,486
26											
27	Depreciation and Amortization Expenses	17,819	-	-	-	-	-	-	-	-	17,819
28											
29	Taxes										
30	Federal Income Taxes	912	-	-	-	-	-	-	-	-	912
31	State Income Taxes	201	-	-	-	-	-	-	-	-	201
32	Property Taxes	9,329	-	-	-	-	-	-	-	-	9,329
33	Other	1,236	-	-	-	-	-	-	-	-	1,236
34	Total Taxes	\$ 11,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,678
35											
36	Total Operating Expenses	\$ 84,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,984
37	Operating Income (Income)	\$ 13,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,738

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	897	-	897
3	Total Source of Supply Expenses	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 897</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 7,310	\$ -	\$ 7,310
2	Purchased Gas	-	-	-
3	Other	4,150	-	4,150
4	Total Pumping Expenses	<u>\$ 11,460</u>	<u>\$ -</u>	<u>\$ 11,460</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 1,372	\$ -	\$ 1,372
2				
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6	Acct.	Company	Staff	Staff
7	No. <u>Operations Ledger</u>	Recorded	Adjustment	Recommended
8	640 Water Treatment - Operations & Supervision	433	\$ -	\$ 433
9	641 Water Treatment - Operations Chemicals	-	-	-
10	642 Water Treatment - Operations Labor & Expense	841	-	841
11				
12	<u>Maintenance Ledger</u>			
13	650 Water Treatment - Maintenance & Supervision	378	-	378
14	651 Water Treatment - Maint Struct & Improvemnt	-	-	-
15	652 Water Treatment - Maintenance & Equipment	457	-	457
16	Company Adjustment JMR-3, JMR-4 & JMR-7	(737)	-	(737)
17	Total	\$ 1,372	\$ -	\$ 1,372
		-736		

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]: All Testimony

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 14,249	\$ (2,369)	\$ 11,881
2				
3				
4	Normalization of Three Year Actual Tank Maintanance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		-
7	Tank Maintenance expense	2006		826
8	Tank Maintenance expense	2007		-
9	Total			\$ 826
10				
11	Normalized Three Year Average			\$ 275
12	Company Proposed			\$ 2,644
13	Staff Adjustment			\$ (2,369)

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	\$ 16,118	\$ -	\$ 16,118

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 17,819	\$ -	\$ 17,819

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 1	\$ 1	0.00%	\$ -
2	302	Franchise Cost	2,072	2,072	0.00%	-
3	303	Other Intangibles	64	64	0.00%	-
4	310	Water Rights	2,514	2,514	0.00%	-
5	310	Other Source of Supply Land	422	422	0.00%	-
6	310.4	Wells - Other	-	-	-	-
7	314	Wells	(18,033)	(18,033)	3.13%	(564)
8	320	Pumping Plant Land	-	-	0.00%	-
9	321	Pumping Plant Structures & Improvements	6,073	6,073	2.86%	174
10	325	Electric Pumping Equipment	157,859	157,859	5.88%	9,282
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	3,906	3,906	2.50%	98
14	332	Water Treatment Equipment	36,043	36,043	2.86%	1,031
15	340	Transmission and Distribution - Land	-	-	0.00%	-
16	342	Storage Tanks	28,903	28,903	2.00%	578
17	343	Transmission and Distribution Mains	117,123	117,123	1.79%	2,097
18	344	Fire Sprinkler Taps	-	-	2.00%	-
19	345	Services	69,426	69,426	2.38%	1,652
20	346	Meters	24,019	24,019	4.55%	1,093
21	348	Hydrants	26,410	26,410	1.82%	481
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	336	336	2.50%	8
24	390	Leasehold Improvements	A 2,895	2,895	6.67%	193
25	391	Office Furniture & Equipment	9,788	9,788	6.67%	653
26	393	Warehouse Equipment	13	13	5.00%	1
27	394	Tools, Shops, and Garage Equipment	2,657	2,657	4.00%	106
28	395	Laboratory Equipment	9	9	5.00%	0
29	396	Power Operated Equipment	3	3	6.67%	0
30	397	Communications Equipment	14,826	14,826	6.67%	989
31	398	Miscellaneous Equipment	480	480	3.33%	16
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 487,809	\$ 487,809		\$ 17,887
34		Less: Non- depreciable Account(s)	5,073	5,073		
35		Depreciable Plant (L29-L30)	\$ 482,736	\$ 482,736		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 1,835			
37		Composite Depreciation/Amortization Rate	3.7054%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 68
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 17,819

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 912	\$ 0	\$ 912
2	State Income Taxes	201	(0)	201
3	Federal and State Income Taxes	<u>\$ 1,113</u>	<u>\$ (0)</u>	<u>\$ 1,113</u>

References:

Col [A]: Company Schedule C-1 Page 6

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 98,722	\$ 98,722
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	197,444	\$ 197,444
4	Staff Recommended Revenue, Per Schedule All-1	98,722	\$ 121,410
5	Subtotal (Line 4 + Line 5)	296,166	318,854
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	98,722	\$ 106,285
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	197,444	\$ 212,570
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	197,444	\$ 212,569.61
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	44,425	\$ 47,828
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 1)	21.0000%	21.0000%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 9,329	
17	Company Proposed Property Tax	9,329	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ -	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 10,044
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 9,329
21	Increase/(Decrease) to Property Tax Expense		\$ 715
22	Decrease to Property Tax Expense		\$ 715
23	Increase in Revenue Requirement		\$ 22,688
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		3.1500%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 487,809	\$ -		\$ 487,809
2	Less: Accumulated Depreciation	87,517	-		87,517
3	Net Plant in Service	<u>\$ 400,292</u>	<u>\$ -</u>		<u>\$ 400,292</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 1,835	\$ -		\$ 1,835
5	Less: Accumulated Amortization	506	-		506
6	Net CIAC	<u>\$ 1,329</u>	<u>\$ -</u>		<u>\$ 1,329</u>
7	Advances in Aid of Construction (AIAC)	18,649	-		18,649
8	Customer Deposits	650	-		650
9	Deferred Income Tax Credits	42,163	-		42,163
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	(1,322)	-		(1,322)
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 336,179</u>	<u>\$ -</u>		<u>\$ 336,179</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)

Column [B]: Column [C] - Column [A]

Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #	[I] STAFF FINAL ADJUSTED
PLANT IN SERVICE:											
1	301	Organization Cost	\$ 1								1
2	302	Franchise Cost	2,072								2,072
3	303	Other Intangibles	64								64
4	310.1	Water Rights	2,514								2,514
5	310.3	Other Source of Supply Land	422								422
6	310.4	Wells - Other									
7	314	Wells	(18,033)								(18,033)
8	320	Pumping Plant Land									
9	321	Pumping Plant Structures & Improvements	6,073								6,073
10	325	Electric Pumping Equipment	157,859								157,859
11	328	Gas Engine Equipment									
12	330	Water Treatment Plant - Land									
13	331	Water Treatment Structures and Improvements	3,906								3,906
14	332	Water Treatment Equipment	36,043								36,043
15	340	Transmission and Distribution - Land									
16	342	Storage Tanks	28,903								28,903
17	343	Transmission and Distribution Mains	117,123								117,123
18	344	Fire Sprinkler Taps									
19	345	Services	69,426								69,426
20	346	Meters	24,019								24,019
21	348	Hydrants	26,410								26,410
22	389	General Plant Land									
23	390	General Plant Structures	336								336
24	390.1	Leasehold Improvements	2,895								2,895
25	391	Office Furniture & Equipment	9,788								9,788
26	393	Warehouse Equipment	13								13
27	394	Tools, Shops, and Garage Equipment	2,657								2,657
28	395	Laboratory Equipment	9								9
29	396	Power Operated Equipment	3								3
30	397	Communications Equipment	14,828								14,828
31	398	Miscellaneous Equipment	480								480
32	0.000	Intentionally Left Blank									
33		Subtotal Plant in Service	\$ 487,809	\$	\$	\$	\$	\$	\$	\$	\$ 487,809
34	Other 1	Construction Work in Progress									
35	Other 2	General Office Plant Allocation									
36	Less:										
37	Other 3	Post Test Year Plant									
38	Other 4	General Office Plant Allocation									
39											
40		Total Plant in Service:	\$ 487,809	\$	\$	\$	\$	\$	\$	\$	\$ 487,809
41	Less: Accumulated Depreciation		87,517								87,517
42	Intentionally Left Blank										
43	Net Plant in Service (L59 - L 60)		\$ 400,292	\$	\$	\$	\$	\$	\$	\$	\$ 400,292
44	LESS:										
45	Contributions in Aid of Construction (CIAC)										
46	Less: Accumulated Amortization		1,835								1,835
47	Net CIAC (L25 - L26)		506								506
48	Advances in Aid of Construction (AIAC)		1,329								1,329
49	Customer Deposits		18,649								18,649
50	Deferred Income Tax Credits		650								650
51			42,163								42,163
52	ADD:										
53	Unamortized Finance Charges										
54	Deferred Tax Assets										
55	Working Capital										
56	Intentionally Left Blank		(1,322)								(1,322)
57	Original Cost Rate Base		\$ 336,179	\$	\$	\$	\$	\$	\$	\$	\$ 336,179

ADJ #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
Column [A] Schedule B-2

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - WELLS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ (18,033)	\$ (66,360)	\$ (84,393)
2					
3					
4					
5					
6		<u>Calculation of Plant Not Used and Useful</u>			
7					
8		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
9		Well #2	55-616694	\$66,360.00	
10		Total		\$66,360.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 87,517	\$ (79,635)	\$ 7,881
2					
3					
4					
5					
6		Accumulated Depreciation Associated with Plant Not Used and Useful			
7					
8	<u>AWC Well ID</u>		<u>AWR Well ID</u>	<u>Accum Depreciation</u>	
9	Well #2		55-616694	\$79,635.32	
10	Total			<u>\$79,635.32</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Winkelman Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Winkelman

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 650</u>	<u>\$ 650</u>	<u>\$ 1,300</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Winkelman Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Winkelman

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ (1,322)</u>	<u>\$ -</u>	<u>\$ (1,322)</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 2,019,483
2	Adjusted Operating Income (Loss)	\$ (38,732)
3	Current Rate of Return (L2 / L1)	-1.92%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 163,578
6	Operating Income Deficiency (L5 - L2)	\$ 202,310
7	Gross Revenue Conversion Factor	1.6678
8	Required Revenue Increase (L7 * L6)	\$ 337,415
9	Adjusted Test Year Revenue	\$ 812,359
10	Proposed Annual Revenue (L8 + L9)	\$ 1,149,774
11	Required Increase in Revenue (%)	41.54%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	40.0412%			
5	Subtotal (L3 - L4)	59.9588%			
6	Revenue Conversion Factor (L1 / L5)	1.667811684			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 + L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	2.3490%			
22	Effective Property Tax Factor (L 21 * L 22)	0.014423123			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		40.0412%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 163,578			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ (38,732)			
26	Required Increase in Operating Income (L24 - L25)		\$ 202,310		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 57,636			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (69,543)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 127,179		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,149,774			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 65,173			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 57,247			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 7,926		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 337,415		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 812,359	\$ 337,415	\$ 1,149,774	
40	Operating Expenses Excluding Income Taxes	\$ 920,634		\$ 928,560	
41	Synchronized Interest (L47)	\$ 71,894		\$ 71,894	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (180,168)		\$ 149,321	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (12,554)		\$ 10,405
45	Federal Taxable Income (L33 - L35)	\$ (167,614)		\$ 138,916	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (56,989)		\$ 47,231	
51	Total Federal Income Tax		\$ (56,989)		\$ 47,231
52	Combined Federal and State Income Tax (L35 + L42)		\$ (69,543)		\$ 57,636
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 2,019,483			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 71,894			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 801,946	\$ -	\$ 801,946	\$ 337,415	\$ 1,139,361
3	Miscellaneous	10,413	-	10,413	-	10,413
4	Total Operating Revenues	<u>\$ 812,359</u>	<u>\$ -</u>	<u>\$ 812,359</u>	<u>\$ 337,415</u>	<u>\$ 1,149,774</u>
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ 241,318	\$ -	\$ 241,318	\$ -	\$ 241,318
9	Other	6,907	-	6,907	-	6,907
10	Pumping Expenses					
11	Purchased Power	38,358	-	38,358	-	38,358
12	Purchased Gas	-	-	-	-	-
13	Other	34,669	-	34,669	-	34,669
14	Water Treatment Expenses	40,816	-	40,816	-	40,816
15	Transmission and Distribution Expenses	140,354	-	140,354	-	140,354
16	Customer Accounting Expenses	104,642	-	104,642	-	104,642
17	Sales Expense	497	-	497	-	497
18	Administrative and General Expenses	140,854	-	140,854	-	140,854
19	Total Operation and Maintenance Expense	<u>\$ 748,415</u>	<u>\$ -</u>	<u>\$ 748,415</u>	<u>\$ -</u>	<u>\$ 748,415</u>
20						
21	Depreciation and Amortization Expenses	105,870	-	105,870	-	105,870
22						
23	Taxes					
24	Federal Income Taxes	(56,989)	-	(56,989)	104,220	47,231
25	State Income Taxes	(12,554)	-	(12,554)	22,959	10,405
26	Property Taxes	57,247	-	57,247	-	65,173
27	Other	9,102	-	9,102	-	9,102
28	Total Taxes	<u>\$ (3,194)</u>	<u>\$ -</u>	<u>\$ (3,194)</u>	<u>\$ 127,179</u>	<u>\$ 131,911</u>
29	Total Operating Expenses	<u>\$ 851,091</u>	<u>\$ -</u>	<u>\$ 851,091</u>	<u>\$ 127,179</u>	<u>\$ 986,196</u>
30	Operating Income (Loss)	<u>\$ (38,732)</u>	<u>\$ -</u>	<u>\$ (38,732)</u>	<u>\$ 210,236</u>	<u>\$ 163,578</u>

References:

Column [A]: Company Schedule C-1 Pg. 4 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Water Treatment ADJ #1	(C) Tank Maintenance ADJ #2	(D) Depreciation Expense ADJ #3	(E) Income Taxes ADJ #4	(F) Property Taxes ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF ADJUSTED
1	<i>Operating Revenues:</i>										
2	Residential	\$ 646,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,904
3	Commercial	143,872	-	-	-	-	-	-	-	-	143,872
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	56	-	-	-	-	-	-	-	-	56
6	Other Water Revenues	11,114	-	-	-	-	-	-	-	-	11,114
7	Total Water Revenues	\$ 801,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 801,946
8	Miscellaneous	-	-	-	-	-	-	-	-	-	-
9	Total Operating Revenues	\$ 812,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 812,359
11	<i>OPERATING EXPENSES:</i>										
12	Source of Supply Expenses	-	-	-	-	-	-	-	-	-	-
13	Purchased Water	\$ 241,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,318
14	Other	6,907	-	-	-	-	-	-	-	-	6,907
15	Pumping Expenses	-	-	-	-	-	-	-	-	-	-
16	Purchased Power	38,358	-	-	-	-	-	-	-	-	38,358
17	Purchased Gas	-	-	-	-	-	-	-	-	-	-
18	Other	34,669	-	-	-	-	-	-	-	-	34,669
19	Water Treatment Expenses	40,816	-	-	-	-	-	-	-	-	40,816
20	Transmission and Distribution Expenses	140,354	-	-	-	-	-	-	-	-	140,354
21	Customer Accounting Expenses	104,642	-	-	-	-	-	-	-	-	104,642
22	Sales Expense	497	-	-	-	-	-	-	-	-	497
23	Administrative and General Expenses	140,854	-	-	-	-	-	-	-	-	140,854
24	Total Operation and Maintenance Expense	\$ 748,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 748,415
25	Depreciation and Amortization Expenses	105,870	-	-	-	-	-	-	-	-	105,870
26	Taxes	-	-	-	-	-	-	-	-	-	-
27	Federal Income Taxes	(56,989)	-	-	-	-	-	-	-	-	(56,989)
28	State Income Taxes	(12,554)	-	-	-	-	-	-	-	-	(12,554)
29	Property Taxes	57,247	-	-	-	-	-	-	-	-	57,247
30	Other	9,102	-	-	-	-	-	-	-	-	9,102
31	Total Taxes	\$ (3,194)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,194)
32	Total Operating Expenses	\$ 851,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 851,091
33	Operating Income (Income)	\$ (38,732)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (38,732)

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 241,318	\$ -	\$ 241,318
2	Other	6,907	-	6,907
3	Total Source of Supply Expenses	<u>\$ 248,225</u>	<u>\$ -</u>	<u>\$ 248,225</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 38,358	\$ -	\$ 38,358
2	Purchased Gas	-	-	-
3	Other	34,669	-	34,669
4	Total Pumping Expenses	<u>\$ 73,027</u>	<u>\$ -</u>	<u>\$ 73,027</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 40,816	\$ -	\$ 40,816
2				
3				
4	Calculation of Water Treatment Expense Adjustment			
5	Acct.	Company	Staff	Staff
6	No.	Recorded	Adjustment	Recommended
7	640	4,001	\$ -	\$ 4,001
8	641	1,465	-	1,465
9	642	8,029	-	8,029
10				
11	<u>Maintenance Ledger</u>			
12	650	3,491	-	3,491
13	651	-	-	-
14	652	4,242	-	4,242
15	Company Adjustment JMR-3, JMR-4 & JMR-7			
16	Total	\$ 40,816	\$ -	\$ 40,816

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - San Manuel System
Docket No. W-01445A-08-0440
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Final Schedule All-9
San Manuel

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative and General Expenses	<u>\$ 140,854</u>	<u>\$ -</u>	<u>\$ 140,854</u>

References:

Col [A]: Company Schedule C-1 Page 4

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - TRANSMISSION N & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 140,354	\$ (5,389)	\$ 134,965
2				
3				
4	Normalization of Three Year Actual Tank Maintanance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		27,077
7	Tank Maintenance expense	2006		1,550
8	Tank Maintenance expense	2007		2,238
9	Total			\$ 30,864
10				
11	Normalized Three Year Average			\$ 10,288
12	Company Proposed			\$ 15,677
13	Staff Adjustment			\$ (5,389)

References:
 Col [A]: Company Schedule C-1 Page 3
 Col [B]: All Testimony
 Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 105,870	\$ -	\$ 105,870

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
		Plant In Service				
1	301	Organization Cost	\$ 11	\$ 11	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	477	477	0.00%	-
4	310	Water Rights	169,941	169,941	0.00%	-
5	310	Other Source of Supply Land	1	1	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	5,560	5,560	3.13%	174
8	320	Pumping Plant Land	7,000	7,000	0.00%	-
9	321	Pumping Plant Structures & Improvements	14,110	14,110	2.86%	404
10	325	Electric Pumping Equipment	354,976	354,976	5.88%	20,873
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	2,000	2,000	0.00%	-
13	331	Water Treatment Structures and Improvements	42,612	42,612	2.50%	1,065
14	332	Water Treatment Equipment	1,354,012	1,354,012	2.86%	38,725
15	340	Transmission and Distribution - Land	69,500	69,500	0.00%	-
16	342	Storage Tanks	98,403	98,403	2.00%	1,968
17	343	Transmission and Distribution Mains	1,025,419	1,025,419	1.79%	18,355
18	344	Fire Sprinkler Taps	100	100	2.00%	2
19	345	Services	329,052	329,052	2.38%	7,831
20	346	Meters	124,886	124,886	4.55%	5,682
21	348	Hydrants	65,596	65,596	1.82%	1,194
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	21,821	21,821	2.50%	546
24	390	Leasehold Improvements	57,322	57,322	20.00%	11,464
25	391	Office Furniture & Equipment	176,420	176,420	6.67%	11,767
26	393	Warehouse Equipment	1,227	1,227	5.00%	61
27	394	Tools, Shops, and Garage Equipment	74,962	74,962	4.00%	2,998
28	395	Laboratory Equipment	2,684	2,684	5.00%	134
29	396	Power Operated Equipment	2,719	2,719	6.67%	181
30	397	Communications Equipment	104,320	104,320	6.67%	6,958
31	398	Miscellaneous Equipment	17,346	17,346	3.33%	578
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 4,122,476	\$ 4,122,476		\$ 130,961
34		Less: Non-depreciable Account(s)	248,930	248,930		
35		Depreciable Plant (L29-L30)	\$ 3,873,546	\$ 3,873,546		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 742,146			
37		Composite Depreciation/Amortization Rate	3.3809%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 25,091
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 105,870

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (56,989)	\$ 0	\$ (56,989)
2	State Income Taxes	(12,554)	(0)	(12,554)
3	Federal and State Income Taxes	<u>\$ (69,543)</u>	<u>\$ (0)</u>	<u>\$ (69,543)</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 812,359	\$ 812,359
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,624,718	\$ 1,624,718
4	Staff Recommended Revenue, Per Schedule All-1	812,359	\$ 1,149,774
5	Subtotal (Line 4 + Line 5)	2,437,077	2,774,492
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	812,359	\$ 924,831
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,624,718	\$ 1,849,661
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,624,718	\$ 1,849,661.28
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	365,562	\$ 416,174
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 1)	15.6600%	15.6600%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 57,247	
17	Company Proposed Property Tax	68,170	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (10,923)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 65,173
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 57,247
21	Increase/(Decrease) to Property Tax Expense		\$ 7,926
22	Decrease to Property Tax Expense		\$ 7,926
23	Increase in Revenue Requirement		\$ 337,415
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.3490%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 4,122,476	\$ -		\$ 4,122,476
2	Less: Accumulated Depreciation	997,040	-		997,040
3	Net Plant in Service	<u>\$ 3,125,436</u>	<u>\$ -</u>		<u>\$ 3,125,436</u>
	<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 742,146	\$ -		\$ 742,146
5	Less: Accumulated Amortization	7,505	-		7,505
6	Net CIAC	<u>\$ 734,641</u>	<u>\$ -</u>		<u>\$ 734,641</u>
7	Advances in Aid of Construction (AIAC)	73,164	-		73,164
8	Customer Deposits	5,425	-		5,425
9	Deferred Income Tax Credits	321,972	-		321,972
	<u>ADD:</u>				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	29,249	-		29,249
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 2,019,483</u>	<u>\$ -</u>		<u>\$ 2,019,483</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSIT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Customer Deposits	\$ 5,425	\$ 5,425	\$ 10,850

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - San Manuel System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
San Manuel

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 29,249</u>	<u>\$ -</u>	<u>\$ 29,249</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 2,392,281
2	Adjusted Operating Income (Loss)	\$ 216,126
3	Current Rate of Return (L2 / L1)	9.03%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 193,775
6	Operating Income Deficiency (L5 - L2)	\$ (22,351)
7	Gross Revenue Conversion Factor	1.6539
8	Required Revenue Increase (L7 * L6)	\$ (36,967)
9	Adjusted Test Year Revenue	\$ 1,126,215
10	Proposed Annual Revenue (L8 + L9)	\$ 1,089,248
11	Required Increase in Revenue (%)	-3.28%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule B-1
Column (B): Company Schedule B-1
Column (C): Company Schedules A-1, A-2, & D-1
Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3
Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3
Column (D): Staff Schedule BKB-1, DCP-1, All-2, All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.5383%			
5	Subtotal (L3 - L4)	60.4617%			
6	Revenue Conversion Factor (L1 / L5)	1.65394007			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.5300%			
22	Effective Property Tax Factor (L 21 * L 22)	0.009394371			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.5383%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 193,775			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 40)	\$ 216,126			
26	Required Increase in Operating Income (L24 - L25)		\$ (22,351)		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 68,276			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 82,326			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (14,051)		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,089,248			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 51,128			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 51,693			
37	Increase in Property Tax Due to Increase in Revenue (All-18, L22)		\$ (566)		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ (36,967)		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. (B), Line 10)	\$ 1,126,215	\$ (36,967)	\$ 1,089,248	
40	Operating Expenses Excluding Income Taxes	\$ 827,763		\$ 827,197	
41	Synchronized Interest (L47)	\$ 85,165		\$ 85,165	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 213,287		\$ 178,885	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 14,862	\$	12,325
45	Federal Taxable Income (L33 - L35)	\$ 198,425		\$ 164,560	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 67,465		\$ 55,950	
51	Total Federal Income Tax	\$ 67,465		\$ 55,950	
52	Combined Federal and State Income Tax (L35 + L42)	\$ 82,326		\$ 68,276	
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. (D))	\$ 2,392,281			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 85,165			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 1,115,109	\$ -	\$ 1,115,109	\$ (36,967)	\$ 1,078,142
3	Miscellaneous	11,106	-	11,106	-	11,106
4	Total Operating Revenues	\$ 1,126,215	\$ -	\$ 1,126,215	\$ (36,967)	\$ 1,089,248
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	9,508	-	9,508	-	9,508
10	Pumping Expenses					
11	Purchased Power	149,736	-	149,736	-	149,736
12	Purchased Gas	-	-	-	-	-
13	Other	38,603	-	38,603	-	38,603
14	Water Treatment Expenses	15,542	-	15,542	-	-
15	Transmission and Distribution Expenses	146,971	-	146,971	-	146,971
16	Customer Accounting Expenses	100,428	-	100,428	-	100,428
17	Sales Expense	549	-	549	-	549
18	Administrative and General Expenses	151,950	-	151,950	-	151,950
19	Total Operation and Maintenance Expense	\$ 613,287	\$ -	\$ 613,287	\$ -	\$ 613,287
20						
21	Depreciation and Amortization Expenses	150,325	-	150,325	-	150,325
22						
23	Taxes					
24	Federal Income Taxes	67,465	-	67,465	(11,514)	55,950
25	State Income Taxes	14,862	-	14,862	(2,536)	12,325
26	Property Taxes	51,693	-	51,693	(566)	51,128
27	Other	12,458	-	12,458	-	12,458
28	Total Taxes	\$ 146,478	\$ -	\$ 146,478	\$ (14,616)	\$ 131,861
29	Total Operating Expenses	\$ 910,089	\$ -	\$ 910,089	\$ (14,616)	\$ 895,473
30	Operating Income (Loss)	\$ 216,126	\$ -	\$ 216,126	\$ (22,351)	\$ 193,775

References:

Column [A]: Company Schedule C-1 Pg. 5 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF DIRECT TEST YEAR AS FILED	(B) Water Treatment ADJ #1	(C) Tank Maintenance ADJ #2	(D) Depreciation Expense ADJ #3	(E) Income Taxes ADJ #4	(F) Property Taxes ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 864,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 864,595
3	Commercial	229,443	-	-	-	-	-	-	-	-	229,443
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	56	-	-	-	-	-	-	-	-	56
6	Other Water Revenues	21,015	-	-	-	-	-	-	-	-	21,015
7	Total Water Revenues	\$ 1,115,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,115,109
8											
9	Miscellaneous	11,106	-	-	-	-	-	-	-	-	11,106
10	Total Operating Revenues	\$ 1,126,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,215
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	9,508	-	-	-	-	-	-	-	-	9,508
16	Pumping Expenses										
17	Purchased Power	149,736	-	-	-	-	-	-	-	-	149,736
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	38,603	-	-	-	-	-	-	-	-	38,603
20	Water Treatment Expenses	15,542	-	-	-	-	-	-	-	-	15,542
21	Transmission and Distribution Expenses	146,971	-	-	-	-	-	-	-	-	146,971
22	Customer Accounting Expenses	100,428	-	-	-	-	-	-	-	-	100,428
23	Sales Expense	549	-	-	-	-	-	-	-	-	549
24	Administrative and General Expenses	151,950	-	-	-	-	-	-	-	-	151,950
25	Total Operation and Maintenance Expense	\$ 613,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613,287
26											
27	Depreciation and Amortization Expenses	150,325	-	-	-	-	-	-	-	-	150,325
28											
29	Taxes										
30	Federal Income Taxes	67,465	-	-	-	-	-	-	-	-	67,465
31	State Income Taxes	14,862	-	-	-	-	-	-	-	-	14,862
32	Property Taxes	51,893	-	-	-	-	-	-	-	-	51,893
33	Other	12,458	-	-	-	-	-	-	-	-	12,458
34	Total Taxes	\$ 146,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,478
35											
36	Total Operating Expenses	\$ 910,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 910,089
37	Operating Income (Income)	\$ 216,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,126

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	9,508	-	9,508
3	Total Source of Supply Expenses	<u>\$ 9,508</u>	<u>\$ -</u>	<u>\$ 9,508</u>

References:

Col [A]: Company Schedule C-1 Page 5

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 149,736	\$ -	\$ 149,736
2	Purchased Gas	-	-	-
3	Other	38,603	-	38,603
4	Total Pumping Expenses	<u>\$ 188,339</u>	<u>\$ -</u>	<u>\$ 188,339</u>

References:

Col [A]: Company Schedule C-1 Page 5

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 15,542	\$ -	\$ 15,542
2				
3				
4	Calculation of Water Treatment Expense Adjustment			
5	Acct. No. Operations Ledger	Company Recorded	Staff Adjustment	Staff Recommended
6	640 Water Treatment - Operations & Supervision	\$ 3,868	\$ -	\$ 3,868
7	641 Water Treatment - Operations Chemicals	575	-	575
8	642 Water Treatment - Operations Labor & Expense	7,612	-	7,612
9				
10	Maintenance Ledger			
11	650 Water Treatment - Maintenance & Supervision	3,370	-	3,370
12	651 Water Treatment - Maint Struct & Improvemt	-	-	-
13	652 Water Treatment - Maintenance & Equipment	4,147	-	4,147
14	Company Adjustments JMR-3, JMR4 & JMR-5	(4,030)	-	(4,030)
15	Total	\$ 15,542	\$ -	\$ 15,542

References:

Col [A]: Company Schedule C-1 Page 5
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 146,971	\$ (5,039)	\$ 141,931
2				
3				
4	Normalization of Three Year Actual Tank Maintanance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		38,140
7	Tank Maintenance expense	2006		2,635
8	Tank Maintenance expense	2007		-
9	Total			\$ 40,775
10				
11	Normalized Three Year Average			\$ 13,592
12	Company Proposed			\$ 18,631
13	Staff Adjustment			\$ (5,039)

References:

Col [A]: Company Schedule C-1 Page 5
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative & General Expenses	<u>\$ 151,950</u>	<u>\$ -</u>	<u>\$ 151,950</u>

References:

Col [A]: Company Schedule C-1 Page 5

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 150,325	\$ -	\$ 150,325

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 15	\$ 15	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	0.00%	\$ -
3	303	Other Intangibles	612	612	0.00%	-
4	310	Water Rights	93,121	93,121	0.00%	-
5	310	Other Source of Supply Land	24,695	24,695	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	453,292	453,292	3.13%	14,188
8	320	Pumping Plant Land	2,742	2,742	0.00%	-
9	321	Pumping Plant Structures & Improvements	72,185	72,185	2.86%	2,064
10	325	Electric Pumping Equipment	876,909	876,909	5.88%	51,562
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	35,054	35,054	2.50%	876
14	332	Water Treatment Equipment	69,067	69,067	2.86%	1,975
15	340	Transmission and Distribution - Land	19,680	19,680	0.00%	-
16	342	Storage Tanks	306,126	306,126	2.00%	6,123
17	343	Transmission and Distribution Mains	3,051,729	3,051,729	1.79%	54,626
18	344	Fire Sprinkler Taps	-	-	2.00%	-
19	345	Services	584,528	584,528	2.38%	13,912
20	346	Meters	110,583	110,583	4.55%	5,032
21	348	Hydrants	121,938	121,938	1.82%	2,219
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	31,500	31,500	2.50%	788
24	390	Leasehold Improvements	A 30,004	30,004	6.59%	1,977
25	391	Office Furniture & Equipment	104,698	104,698	6.67%	6,983
26	393	Warehouse Equipment	166	166	5.00%	8
27	394	Tools, Shops, and Garage Equipment	27,072	27,072	4.00%	1,083
28	395	Laboratory Equipment	236	236	5.00%	12
29	396	Power Operated Equipment	33	33	6.67%	2
30	397	Communications Equipment	64,080	64,080	6.67%	4,274
31	398	Miscellaneous Equipment	4,862	4,862	3.33%	162
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 6,084,927	\$ 6,084,927		\$ 167,867
34		Less: Non- depreciable Account(s)	116,170	116,170		
35		Depreciable Plant (L29-L30)	\$ 5,968,757	\$ 5,968,757		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 623,732			
37		Composite Depreciation/Amortization Rate	2.8124%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 17,542
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 150,325

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 67,465	\$ -	\$ 67,465
2	State Income Taxes	14,862	-	14,862
3	Federal and State Income Taxes	<u>\$ 82,326</u>	<u>\$ -</u>	<u>\$ 82,326</u>

References:

Col [A]: Company Schedule C-1 Page 5

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	DESCRIPTION	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,126,215	\$ 1,126,215
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,252,430	\$ 2,252,430
4	Staff Recommended Revenue, Per Schedule All-1	1,126,215	\$ 1,089,248
5	Subtotal (Line 4 + Line 5)	3,378,645	3,341,678
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,126,215	\$ 1,113,893
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,252,430	\$ 2,227,785
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,252,430	\$ 2,227,785.11
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	506,797	\$ 501,252
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line	10.2000%	10.2000%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 51,693	
17	Company Proposed Property Tax	53,921	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (2,228)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 51,128
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 51,693
21	Increase/(Decrease) to Property Tax Expense		\$ (566)
22	Decrease to Property Tax Expense		\$ (566)
23	Increase in Revenue Requirement		\$ (36,967)
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.5300%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 6,084,930	\$ -		\$ 6,084,930
2	Less: Accumulated Depreciation	2,307,793	-		2,307,793
3	Net Plant in Service	<u>\$ 3,777,137</u>	<u>\$ -</u>		<u>\$ 3,777,137</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 623,732	\$ -		\$ 623,732
5	Less: Accumulated Amortization	93,964	-		93,964
6	Net CIAC	<u>\$ 529,768</u>	<u>\$ -</u>		<u>\$ 529,768</u>
7	Advances in Aid of Construction (AIAC)	432,749	-		432,749
8	Customer Deposits	7,460	-		7,460
9	Deferred Income Tax Credits	436,962	-		436,962
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	22,083	-		22,083
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 2,392,281</u>	<u>\$ -</u>		<u>\$ 2,392,281</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] ADJ.#1	[C] ADJ.#2	[D] ADJ.#3	[E] ADJ.#4	[F] ADJ.#5	[G] ADJ.#6	[H] ADJ.#	[I] STAFF FINAL ADJUSTED
1	301	Organization Cost	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
2	302	Franchise Cost	-	-	-	-	-	-	-	-	-
3	303	Other Intangibles	612	-	-	-	-	-	-	-	612
4	310.1	Water Rights	93,121	-	-	-	-	-	-	-	93,121
5	310.3	Other Source of Supply Land	24,695	-	-	-	-	-	-	-	24,695
6	310.4	Wells - Other	-	-	-	-	-	-	-	-	-
7	314	Wells	453,292	-	-	-	-	-	-	-	453,292
8	320	Pumping Plant Land	2,742	-	-	-	-	-	-	-	2,742
9	321	Pumping Plant Structures & Improvements	72,185	-	-	-	-	-	-	-	72,185
10	325	Electric Pumping Equipment	876,909	-	-	-	-	-	-	-	876,909
11	328	Gas Engine Equipment	-	-	-	-	-	-	-	-	-
12	330	Water Treatment Plant - Land	-	-	-	-	-	-	-	-	-
13	331	Water Treatment Structures and Improvements	35,054	-	-	-	-	-	-	-	35,054
14	332	Water Treatment Equipment	69,067	-	-	-	-	-	-	-	69,067
15	340	Transmission and Distribution - Land	19,680	-	-	-	-	-	-	-	19,680
16	342	Storage Tanks	306,126	-	-	-	-	-	-	-	306,126
17	343	Transmission and Distribution Mains	3,051,729	-	-	-	-	-	-	-	3,051,729
18	344	Fire Sprinkler Taps	-	-	-	-	-	-	-	-	-
19	345	Services	584,528	-	-	-	-	-	-	-	584,528
20	346	Meters	110,583	-	-	-	-	-	-	-	110,583
21	348	Hydrants	121,938	-	-	-	-	-	-	-	121,938
22	389	General Plant Land	-	-	-	-	-	-	-	-	-
23	390	General Plant Structures	31,500	-	-	-	-	-	-	-	31,500
24	390.1	Leasehold Improvements	30,004	-	-	-	-	-	-	-	30,004
25	391	Office Furniture & Equipment	104,698	-	-	-	-	-	-	-	104,698
26	393	Warehouse Equipment	166	-	-	-	-	-	-	-	166
27	394	Tools, Shops, and Garage Equipment	27,072	-	-	-	-	-	-	-	27,072
28	395	Laboratory Equipment	236	-	-	-	-	-	-	-	236
29	396	Power Operated Equipment	33	-	-	-	-	-	-	-	33
30	397	Communications Equipment	64,080	-	-	-	-	-	-	-	64,080
31	398	Miscellaneous Equipment	4,862	-	-	-	-	-	-	-	4,862
32	0.000	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
33		Subtotal Plant in Service	\$ 6,084,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,084,930
34		Add:									
35	Other 1	Construction Work in Progress	-	-	-	-	-	-	-	-	-
36	Other 2	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
37	Other 3	Post Test Year Plant	-	-	-	-	-	-	-	-	-
38	Other 4	General Office Plant Allocation	-	-	-	-	-	-	-	-	-
39											
40		Total Plant in Service:	\$ 6,084,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,084,930
41		Less: Accumulated Depreciation	2,307,793	-	-	-	-	-	-	-	2,307,793
42		Intentionally Left Blank	-	-	-	-	-	-	-	-	-
43		Net Plant in Service (L59 - L 60)	\$ 3,777,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,777,137
44											
45		LESS:									
46		Contributions in Aid of Construction (CIAC)	\$ 623,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 623,732
47		Less: Accumulated Amortization	93,984	-	-	-	-	-	-	-	93,984
48		Net CIAC (L25 - L26)	\$ 529,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529,768
49		Advances in Aid of Construction (AIAC)	432,749	-	-	-	-	-	-	-	432,749
50		Customer Deposits	7,460	-	-	-	-	-	-	-	7,460
51		Deferred Income Tax Credits	436,962	-	-	-	-	-	-	-	436,962
52											
53		ADD:									
54		Unamortized Finance Charges	-	-	-	-	-	-	-	-	-
55		Deferred Tax Assets	-	-	-	-	-	-	-	-	-
56		Working Capital	22,063	-	-	-	-	-	-	-	22,063
57		Regulatory Asset (Liability)	-	-	-	-	-	-	-	-	-
58		Original Cost Rate Base	\$ 2,392,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,392,281

ADJ.#	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
Column [A] Schedule B-2

Arizona Water Company - Oracle Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Oracle

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE</u> <u>NO.</u>	<u>ACCT.</u> <u>NO.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 7,460</u>	<u>\$ 7,460</u>	<u>\$ 14,920</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Oracle Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Oracle

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 22,083</u>	<u>\$ -</u>	<u>\$ 22,083</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 45,602,135
2	Adjusted Operating Income (Loss)	\$ 1,199,166
3	Current Rate of Return (L2 / L1)	2.63%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 3,693,773
6	Operating Income Deficiency (L5 - L2)	\$ 2,494,607
7	Gross Revenue Conversion Factor	1.6631
8	Required Revenue Increase (L7 * L6)	\$ 4,148,836
9	Adjusted Test Year Revenue	\$ 13,281,773
10	Proposed Annual Revenue (L8 + L9)	\$ 17,430,609
11	Required Increase in Revenue (%)	31.24%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.8721%			
5	Subtotal (L3 - L4)	60.1279%			
6	Revenue Conversion Factor (L1 / L5)	1.663122398			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (XXX-18, L24)	2.0737%			
22	Effective Property Tax Factor (L 21 * L 22)	0.012732544			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.8721%		
24	Required Operating Income (Schedule XXX-1, Line 5)	\$ 3,693,773			
25	Adjusted Test Year Operating Income (Loss) (Schedule XXX-10, Line 40)	\$ 1,199,166			
26	Required Increase in Operating Income (L24 - L25)		\$ 2,494,607		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 1,301,486			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (266,711)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 1,568,197		
30	Recommended Revenue Requirement (Schedule XXX-1, Line 10)	\$ 17,430,609			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (XXX-18, L19)	\$ 913,793			
36	Property Tax on Test Year Revenue (XXX-18, L 16)	\$ 827,760			
37	Increase in Property Tax Due to Increase in Revenue (XXX-18, L22)		\$ 86,033		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 4,148,836		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule XXX-10, Col.(C), Line 5 & Sch. XXX-1, Col. (B), Line 10)	\$ 13,281,773	\$ 4,148,836	\$ 17,430,609	
40	Operating Expenses Excluding Income Taxes	\$ 12,349,318		\$ 12,435,351	\$ (86,033.03)
41	Synchronized Interest (L47)	\$ 1,623,436		\$ 1,623,436	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (690,981)		\$ 3,371,823	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (48,148)	\$	\$ 234,949
45	Federal Taxable Income (L33 - L35)	\$ (642,833)		\$ 3,136,874	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)		\$ 7,500	
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ (6,250)		\$ 6,250	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ (8,500)		\$ 8,500	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ (91,650)		\$ 91,650	
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (104,663)		\$ 952,637	
51	Total Federal Income Tax		\$ (218,563)	\$	\$ 1,066,537
52	Combined Federal and State Income Tax (L35 + L42)		\$ (266,711)	\$	\$ 1,301,486
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule XXX-3, Col. [C], Line (17))	\$ 45,602,135			
55	Weighted Average Cost of Debt (Schedule XXX-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 1,623,436			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Residential	\$ 12,639,575	\$ -	\$ 12,639,575	\$ 4,148,836	\$ 16,788,411
3	Miscellaneous	642,198	-	642,198	-	642,198
4	Total Operating Revenues	\$ 13,281,773	\$ -	\$ 13,281,773	\$ 4,148,836	\$ 17,430,609
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ 374,207	\$ -	\$ 374,207	\$ -	\$ 374,207
9	Other	86,818	-	86,818	-	86,818
10	Pumping Expenses					
11	Purchased Power	1,601,058	-	1,601,058	-	1,601,058
12	Purchased Gas	1,387	-	1,387	-	1,387
13	Other	607,431	-	607,431	-	607,431
14	Water Treatment Expenses	628,515	-	628,515	-	628,515
15	Transmission and Distribution Expenses	1,912,337	120,196	2,032,533	-	2,032,533
16	Customer Accounting Expenses	1,185,392	-	1,185,392	-	1,185,392
17	Sales Expense	5,245	-	5,245	-	5,245
18	Administrative and General Expenses	2,157,603	-	2,157,603	-	2,157,603
19	Total Operation and Maintenance Expense	\$ 8,559,993	\$ 120,196	\$ 8,680,189	\$ -	\$ 8,680,189
20						
21	Depreciation and Amortization Expenses	2,567,969	-	2,567,969	-	2,567,969
22						
23	Taxes					
24	Federal Income Taxes	(180,544)	(38,019)	(218,563)	1,285,100	1,066,537
25	State Income Taxes	(39,772)	(8,375)	(48,148)	283,096	234,949
26	Property Taxes	827,760	-	827,760	86,033	913,793
27	Other	273,400	-	273,400	-	273,400
28	Total Taxes	\$ 880,844	\$ (46,394)	\$ 834,449	\$ 1,654,230	\$ 2,488,679
29	Total Operating Expenses	\$ 12,008,805	\$ 73,802	\$ 12,082,607	\$ 1,654,230	\$ 13,736,837
30	Operating Income (Loss)	\$ 1,272,968	\$ (73,802)	\$ 1,199,166	\$ 2,494,607	\$ 3,693,773

References:

Column [A]: Company Schedule C-1
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

Arizona Water Company - Consolidation of Casa Grande, Coolidge & Stanfield Water Systems
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final
Schedule BKB-1

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	REF	[C] STAFF AS ADJUSTED
1	Plant in Service	\$ 120,806,698	\$ -		120,806,698
2	Less: Accumulated Depreciation	20,230,931	-		20,230,931
3	Net Plant in Service	<u>\$ 100,575,767</u>	<u>\$ -</u>		<u>\$ 100,575,767</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	14,804,210	-		14,804,210
5	Less: Accumulated Amortization	2,400,427	-		2,400,427
6	Net CIAC	<u>12,403,783</u>	<u>-</u>		<u>12,403,783</u>
7	Advances in Aid of Construction (AIAC)	36,902,330	-		36,902,330
8	Customer Deposits	324,478	-		324,478
9	Deferred Income Tax Credits	6,150,050	-		6,150,050
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	245,496	-		245,496
13	Net Regulatory Asset/(Liability)	561,514	-		561,514
17	Original Cost Rate Base	<u>\$ 45,602,135</u>	<u>\$ -</u>		<u>\$ 45,602,135</u>

References:

Column (A), Company Schedule B-1 (TAB RB SUM XXX-4)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. [BS] (TAB RB SUM XXX-4)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 40,554,691
2	Adjusted Operating Income (Loss)	\$ 955,236
3	Current Rate of Return (L2 / L1)	2.36%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 3,284,930
6	Operating Income Deficiency (L5 - L2)	\$ 2,329,694
7	Gross Revenue Conversion Factor	1.6629
8	Required Revenue Increase (L7 * L6)	\$ 3,873,946
9	Adjusted Test Year Revenue	\$ 10,934,894
10	Proposed Annual Revenue (L8 + L9)	\$ 14,808,840
11	Required Increase in Revenue (%)	35.43%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.8625%			
5	Subtotal (L3 - L4)	60.1375%			
6	Revenue Conversion Factor (L1 / L5)	1.662856371			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	2.0580%			
22	Effective Property Tax Factor (L 21 * L 22)	0.01263635			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.8625%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 3,284,930			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 955,236			
26	Required Increase in Operating Income (L24 - L25)		\$ 2,329,694		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 1,157,432			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (307,095)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 1,464,527		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 14,808,840			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 754,846			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 675,120			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L21)		\$ 79,726		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 3,873,946		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule All-3, Col.[D], Line 4 & Sch. All-1, Col. [E], Line 10)	\$ 10,934,894	\$ 3,873,946	\$ 14,808,840	
40	Operating Expenses Excluding Income Taxes	\$ 10,286,753		\$ 10,366,478	
41	Synchronized Interest (L47)	\$ 1,443,747		\$ 1,443,747	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (795,606)		\$ 2,998,615	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (55,438)		\$ 208,943
45	Federal Taxable Income (L33 - L35)	\$ (740,168)		\$ 2,789,671	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)		\$ 7,500	
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ (6,250)		\$ 6,250	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ (8,500)		\$ 8,500	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ (91,650)		\$ 91,650	
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (137,757)		\$ 834,588	
51	Total Federal Income Tax		\$ (251,657)		\$ 948,488
52	Combined Federal and State Income Tax (L35 + L42)		\$ (307,095)		\$ 1,157,432
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 40,554,691			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 1,443,747			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF ADJUSTED TEST YEAR AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF AMENDMENTS	[E] STAFF FINAL RECOMMENDED
1	REVENUES:					
2	Metered Revenues	\$ 10,345,212	\$ -	\$ 10,345,212	\$ 3,873,946	\$ 14,219,158
3	Miscellaneous	589,682	-	589,682	-	589,682
4	Total Operating Revenues	\$ 10,934,894	\$ -	\$ 10,934,894	\$ 3,873,946	\$ 14,808,840
	OPERATING EXPENSES:					
5	Source of Supply Expenses					
6	Purchased Water	\$ 374,207	\$ -	\$ 374,207	\$ -	\$ 374,207
7	Other	76,178	-	76,178	-	76,178
8	Pumping Expenses					
9	Purchased Power	1,387,878	-	1,387,878	-	1,387,878
10	Purchased Gas	509	-	509	-	509
11	Other	537,890	-	537,890	-	537,890
12	Water Treatment Expenses	531,617	-	531,617	-	531,617
13	Transmission and Distribution Expenses	1,584,407	120,196	1,704,603	-	1,704,603
14	Customer Accounting Expenses	909,384	-	909,384	-	909,384
15	Sales Expense	4,312	-	4,312	-	4,312
16	Administrative and General Expenses	1,761,682	-	1,761,682	-	1,761,682
17	Total Operation and Maintenance Expense	\$ 7,168,065	\$ 120,196	\$ 7,288,261	\$ -	\$ 7,288,261
18	Depreciation and Amortization Expenses	2,104,025	-	2,104,025	-	2,104,025
19	Taxes					
20	Federal Income Taxes	(213,638)	(38,019)	(251,657)	1,200,145	948,488
21	State Income Taxes	(47,063)	(8,375)	(55,438)	264,381	208,943
22	Property Taxes	675,120	-	675,120	79,726	754,846
23	Other	219,346	-	219,346	-	219,346
24	Total Taxes	\$ 633,765	\$ (46,394)	\$ 587,372	\$ 1,544,252	\$ 2,131,624
25	Total Operating Expenses	\$ 9,905,855	\$ 73,802	\$ 9,979,658	\$ 1,544,252	\$ 11,523,910
26	Operating Income (Loss)	\$ 1,029,039	\$ (73,802)	\$ 955,236	\$ 2,329,694	\$ 3,284,930

References:

Column [A]: Company Schedule C-1 Pg. 7 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF ADJUSTED TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	<i>Operating Revenues:</i>										
2	Residential	\$ 6,578,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,578,320
3	Commercial	2,217,689	-	-	-	-	-	-	-	-	2,217,689
4	Industrial	1,085,224	-	-	-	-	-	-	-	-	1,085,224
5	Private Fire Service	13,268	-	-	-	-	-	-	-	-	13,268
6	Other Water Revenues	450,711	-	-	-	-	-	-	-	-	450,711
7	Total Water Revenues	\$ 10,345,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,345,212
8											
9	Miscellaneous	589,682	-	-	-	-	-	-	-	-	589,682
10	Total Operating Revenues	\$ 10,934,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,934,894
11											
12	<i>OPERATING EXPENSES:</i>										
13	Source of Supply Expenses										
14	Purchased Water	\$ 374,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,207
15	Other	76,178	-	-	-	-	-	-	-	-	76,178
16	Pumping Expenses										
17	Purchased Power	1,387,878	-	-	-	-	-	-	-	-	1,387,878
18	Purchased Gas	509	-	-	-	-	-	-	-	-	509
19	Other	537,890	-	-	-	-	-	-	-	-	537,890
20	Water Treatment Expenses	531,817	-	-	-	-	-	-	-	-	531,817
21	Transmission and Distribution Expenses	1,584,407	120,196	-	-	-	-	-	-	-	1,704,603
22	Customer Accounting Expenses	909,384	-	-	-	-	-	-	-	-	909,384
23	Sales Expense	4,312	-	-	-	-	-	-	-	-	4,312
24	Administrative and General Expenses	1,781,682	-	-	-	-	-	-	-	-	1,781,682
25	Total Operation and Maintenance Expense	\$ 7,168,065	\$ 120,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,288,261
26											
27	Depreciation and Amortization Expenses	2,104,025	-	-	-	-	-	-	-	-	2,104,025
28											
29	Taxes										
30	Federal Income Taxes	(213,638)	-	-	-	-	-	-	-	-	(251,657)
31	State Income Taxes	(47,063)	-	-	-	-	-	-	-	-	(55,438)
32	Property Taxes	675,120	-	-	-	-	-	-	-	-	675,120
33	Other	219,346	-	-	-	-	-	-	-	-	219,346
34	Total Taxes	\$ 633,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 587,372
35											
36	Total Operating Expenses	\$ 9,905,855	\$ 120,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,979,658
37	Operating Income (Income)	\$ 1,029,039	\$ (120,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 955,236

ADJ #	DESCRIPTION	REFERENCES
1	Transmission & Distribution Expense	Schedule All-5

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 1,584,407	\$ (183,392)	\$ 1,401,015
2	Total	\$ 1,584,407	\$ (183,392)	\$ 1,401,015
3				
4	Normalization of Three Year Actual Tank Maintenance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		360,588
7	Tank Maintenance expense	2006		211,298
8	Tank Maintenance expense	2007		29,191
9	Total			601,078
10				
11	Normalized Three Year Actual Tank Maint.			\$ 200,359
12	Company Proposed			\$ 156,985
13	Staff Adjustment - Tank Maintenance Expense			\$ 43,374
14				
15	Normalization of Transmission and Distribution Expenses - Account Nos. 663 & 673			
16		Year	Account	Expense
17	Transmission & Distribution Expense - Meters	2005	663	342,211
18	Transmission & Distribution Expense - Meters	2006	663	452,164
19	Transmission & Distribution Expense - Meters	2007	663	562,900
20	Total			1,357,274
21				
22	Normalized over 3 years			452,425
23	Company Proposed			562,900
24	Staff Adjustment			(110,475)
25				
26	Transmission & Distribution Expense - Mains	2005	673	216,203
27	Transmission & Distribution Expense - Mains	2006	673	238,946
28	Transmission & Distribution Expense - Mains	2007	673	402,011
29	Total			\$ 857,159
30				
31	Normalized over 3 years			\$ 285,720
32	Company Proposed			\$ 402,011
33	Staff Adjustment			\$ (116,291)
34				
35	Total Staff Adjustments (L15 + L26 +L35)			\$ (183,392)
36	Staff's Surrebuttal Adjustment			\$ (303,588)
37	Staff Errata Adjustment			\$ 120,196

References:

Col [A]: Company Schedule C-1 Page 7
Col [B]: All Testimony, Company General Ledger
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 374,207	\$ -	\$ 374,207
2	Other	76,178	-	76,178
3	Total Source of Supply Expenses	<u>\$ 450,385</u>	<u>\$ -</u>	<u>\$ 450,385</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 1,387,878	\$ -	\$ 1,387,878
2	Purchased Gas	509	-	509
3	Other	537,890	-	537,890
4	Total Pumping Expenses	<u>\$ 1,926,277</u>	<u>\$ -</u>	<u>\$ 1,926,277</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 531,617	\$ -	\$ 531,617
2	Total	\$ 531,617	\$ -	\$ 531,617
3				
4	Calculation of Water Treatment Expense Adjustment			
5		Company		Staff
6	ACCT. Operations Ledger	Recorded	Adjustment Amt	Recommended
7	640 Water Treatment - Operations & Supervision	\$ 1,158	\$ -	\$ 1,158
8	641 Water Treatment - Operations Chemicals	135,843	-	135,843
9	642 Water Treatment - Operations Labor & Expense	74,638	-	74,638
10				
11	Maintenance Ledger			
12	650 Water Treatment - Maintenance & Supervision	1,158	-	1,158
13	651 Water Treatment - Maint Struct & Improvemt	20	-	20
14	652 Water Treatment - Maintenance & Equipment	70,222	-	70,222
15	Company Adjustment JMR-3, JMR-7 & JMR-14	248,578	-	248,578
16	Total	\$ 531,617	\$ -	\$ 531,617

References:

- Col [A]: Company Schedule C-1 Page 7
- Col [B]: All Testimony
- Col [C]: Col. [A] + Col. [B]

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OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative & General Expenses	<u>\$ 1,761,682</u>	<u>\$ -</u>	<u>\$ 1,761,682</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 2,104,025	\$ -	\$ 2,104,025

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 173	\$ 173	0.00%	\$ -
2	302	Franchise Cost	65,375	65,375	0.00%	-
3	303	Other Intangibles	1,910,286	1,910,286	0.00%	-
4	310	Water Rights	237,537	237,537	0.00%	-
5	310	Other Source of Supply Land	205,905	205,905	0.00%	-
6	310	Wells - Other	-	-	0.00%	-
7	314	Wells	4,613,946	4,613,946	3.13%	144,417
8	320	Pumping Plant Land	6,013	6,013	0.00%	-
9	321	Pumping Plant Structures & Improvements	135,766	135,766	2.86%	3,883
10	325	Electric Pumping Equipment	5,435,721	5,435,721	5.88%	319,620
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	680,718	680,718	0.00%	-
13	331	Water Treatment Structures and Improvements	1,015,338	1,015,338	2.50%	25,383
14	332	Water Treatment Equipment	5,416,741	5,416,741	2.86%	154,919
15	340	Transmission and Distribution - Land	64,886	64,886	0.00%	-
16	342	Storage Tanks	2,206,032	2,206,032	2.00%	44,121
17	343	Transmission and Distribution Mains	50,460,470	50,460,470	1.79%	903,242
18	344	Fire Sprinkler Taps	1,652,993	1,652,993	2.00%	33,060
19	345	Services	17,187,118	17,187,118	2.38%	409,053
20	346	Meters	2,237,548	2,237,548	4.55%	101,808
21	348	Hydrants	6,685,492	6,685,492	1.82%	121,676
22	389	General Plant Land	8,772	8,772	0.00%	-
23	390	General Plant Structures	459,316	459,316	2.50%	11,483
24	390	Leasehold Improvements	349,392	349,392	6.67%	23,304
25	391	Office Furniture & Equipment	1,397,537	1,397,537	6.67%	93,216
26	393	Warehouse Equipment	17,120	17,120	5.00%	856
27	394	Tools, Shops, and Garage Equipment	301,798	301,798	4.00%	12,072
28	395	Laboratory Equipment	39,827	39,827	5.00%	1,991
29	396	Power Operated Equipment	82,869	82,869	6.67%	5,527
30	397	Communications Equipment	525,358	525,358	6.67%	35,041
31	398	Miscellaneous Equipment	64,730	64,730	3.33%	2,156
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 103,464,777	\$ 103,464,777		\$ 2,446,829
34		Less: Non- depreciable Account(s)	3,179,665	3,179,665		
35		Depreciable Plant (L29-L30)	\$ 100,285,112	\$ 100,285,112		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 14,050,085			
37		Composite Depreciation/Amortization Rate	2.4399%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 342,804
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 2,104,025

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (213,638)	\$ (38,019)	\$ (251,657)
2	State Income Taxes	(47,063)	(8,375)	(55,438)
3	Federal and State Income Taxes	<u>\$ (260,701)</u>	<u>\$ (46,394)</u>	<u>\$ (307,095)</u>

References:

Col [A]: Company Schedule C-1 Page 3

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 10,934,894	\$ 10,934,894
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	21,869,788	\$ 21,869,788
4	Staff Recommended Revenue, Per Schedule All-1	10,934,894	\$ 14,808,840
5	Subtotal (Line 4 + Line 5)	32,804,682	36,678,628
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	10,934,894	\$ 12,226,209
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	21,869,788	\$ 24,452,419
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	21,869,788	\$ 24,452,418.71
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	4,920,702	\$ 5,501,794
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	13.7200%	13.7200%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 675,120	
17	Company Proposed Property Tax	806,467	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (131,347)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 754,846
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 675,120
21	Increase/(Decrease) to Property Tax Expense		\$ 79,726
22	Decrease to Property Tax Expense		\$ 79,726
23	Increase in Revenue Requirement		\$ 3,873,946
24	Decrease to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		2.0580%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 103,464,779	\$ -		\$ 103,464,779
2	Less: Accumulated Depreciation	16,826,677	-		16,826,677
3	Net Plant in Service	<u>\$ 86,638,102</u>	<u>\$ -</u>		<u>\$ 86,638,102</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 14,050,085	\$ -		\$ 14,050,085
5	Less: Accumulated Amortization	2,242,757	-		2,242,757
6	Net CIAC	<u>\$ 11,807,328</u>	<u>\$ -</u>		<u>\$ 11,807,328</u>
7	Advances in Aid of Construction (AIAC)	29,671,663	-		29,671,663
8	Customer Deposits	252,738	-		252,738
9	Deferred Income Tax Credits	5,088,308	-		5,088,308
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	175,113	-		175,113
13	Net Regulatory Asset/(Liability)	561,514	-		561,514
17	Original Cost Rate Base	<u>\$ 40,554,692</u>	<u>\$ -</u>		<u>\$ 40,554,691</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 5,670,264	\$ (1,056,318)	\$ 4,613,946
2					
3					
4					
5					
6					
7		Calculation of Plant Not Used and Useful - Wells			
8		<u>AWC Well ID</u>	<u>AWR Well ID</u>		<u>Cost Basis</u>
9		Well # 34	55-616588		\$ 22,742
10		Well # 9	55-616594		136,862
11		Inactive	55-616583		115,205
12		Inactive	55-506809		159,393
13		Inactive	55-616597		248,844
14		Inactive	55-616602		373,272
15		Total			\$ 1,056,318

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 17,639,046	\$ (812,369)	\$ 16,826,677
2		Total	<u>17,639,046</u>	<u>(812,369)</u>	<u>16,826,677</u>
3					
4					
5		<u>Accumulated Depreciation Associated With Plant Not Used & Useful - Wells</u>			
6					
7		<u>AWC Well ID</u>	<u>AWR Well ID</u>		<u>Accum Depr</u>
8		Well # 34	55-616588		\$ 22,923
9		Well # 9	55-616594		173,397
10		Inactive	55-616583		101,202
11		Inactive	55-506809		135,923
12		Inactive	55-616597		167,037
13		Inactive	55-616602		211,888
14		Total			<u>\$ 812,369</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Customer Deposits	<u>\$ -</u>	<u>\$ 252,738</u>	<u>\$ 252,738</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 383,959</u>	<u>\$ (208,846)</u>	<u>\$ 175,113</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 6 - REGULATORY ASSET

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Regulatory Asset (Liability)	\$ 575,803	\$ (14,289)	\$ 561,514
2					
3					
4					
5					
6		Staff's Recalculation of Balance of Regulatory Assets			
7					
8				Staff	
9		Description		Calculation	
10		Amortization Period (Years)		20	
11					
12		Balance - Per Decision No. 68302		\$ 142,896	
13		2002 Amortization		-	
14		2003 Amortization		-	
15		2004 Amortization		(7,145)	
16		2005 Amortization		(7,145)	
17		2006 Amortization		(7,145)	
18		2007 Amortization		(7,145)	
19		Balance of Regulatory Assets - 12/31/07		114,317	
20		Company Proposed Balance of Regulatory Asset		128,606	
21		Staff Adjustment		\$ (14,289)	

References:

- Col [A]: Company Schedule B-1, Reiker Adjustment JMR-2
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 4,256,413
2	Adjusted Operating Income (Loss)	\$ 282,987
3	Current Rate of Return (L2 / L1)	6.65%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 344,769
6	Operating Income Deficiency (L5 - L2)	\$ 61,783
7	Gross Revenue Conversion Factor	1.6645
8	Required Revenue Increase (L7 * L6)	\$ 102,838
9	Adjusted Test Year Revenue	\$ 2,214,953
10	Proposed Annual Revenue (L8 + L9)	\$ 2,317,791
11	Required Increase in Revenue (%)	4.64%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule B-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.9224%			
5	Subtotal (L3 - L4)	60.0776%			
6	Revenue Conversion Factor (L1 / L5)	1.664513373			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	2.1555%			
22	Effective Property Tax Factor (L 21 * L 22)	0.013235011			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.9224%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 344,769			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 282,987			
26	Required Increase in Operating Income (L24 - L25)		\$ 61,783		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 121,478			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 82,639			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 38,839		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 2,317,791			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 145,447			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 143,230			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 2,217		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 102,838		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch.All-1, Col. [D], Line 10)	\$ 2,214,953	\$ 102,838	\$ 2,317,791	
40	Operating Expenses Excluding Income Taxes	\$ 1,849,327		\$ 1,851,544	
41	Synchronized Interest (L47)	\$ 151,528		\$ 151,528	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 214,098		\$ 314,719	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 14,918		\$ 21,930
45	Federal Taxable Income (L33 - L35)	\$ 199,179		\$ 292,790	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 67,721		\$ 99,548	
51	Total Federal Income Tax		\$ 67,721		\$ 99,548
52	Combined Federal and State Income Tax (L35 + L42)		\$ 82,639		\$ 121,478
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 4,256,413			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 151,528			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF ADJUSTED TEST YEAR AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF AMENDMENTS	[E] STAFF FINAL RECOMMENDED
1	REVENUES:					
2	Metered Revenues	\$ 2,163,373	\$ -	\$ 2,163,373	\$ 102,838	\$ 2,266,211
3	Miscellaneous	51,580	-	51,580	-	51,580
4	Total Operating Revenues	\$ 2,214,953	\$ -	\$ 2,214,953	\$ 102,838	\$ 2,317,791
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	10,262	-	10,262	-	10,262
10	Pumping Expenses	-	-	-	-	-
11	Purchased Power	192,581	-	192,581	-	192,581
12	Purchased Gas	878	-	878	-	878
13	Other	64,710	-	64,710	-	64,710
14	Water Treatment Expenses	33,911	-	33,911	-	33,911
15	Transmission and Distribution Expenses	284,516	-	284,516	-	284,516
16	Customer Accounting Expenses	267,290	-	267,290	-	267,290
17	Sales Expense	890	-	890	-	890
18	Administrative and General Expenses	378,361	-	378,361	-	378,361
19	Total Operation and Maintenance Expense	\$ 1,233,399	-	\$ 1,233,399	-	\$ 1,233,399
20						
21	Depreciation and Amortization Expenses	420,166	-	420,166	-	420,166
22						
23	Taxes					
24	Federal Income Taxes	67,721	(0)	67,721	31,828	99,548
25	State Income Taxes	14,918	(0)	14,918	7,011	21,930
26	Property Taxes	143,230	-	143,230	2,217	145,447
27	Other	52,532	-	52,532	-	52,532
28	Total Taxes	\$ 278,401	\$ (0)	\$ 278,401	\$ 41,056	\$ 319,457
29	Total Operating Expenses	\$ 1,931,966	\$ (0)	\$ 1,931,966	\$ 41,056	\$ 1,973,022
30	Operating Income (Loss)	\$ 282,987	\$ 0	\$ 282,987	\$ 61,783	\$ 344,769

References:

Column [A]: Company Schedule C-1 Pg. 9 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF ADJUSTED TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 1,458,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,458,989
3	Commercial	609,270	-	-	-	-	-	-	-	-	609,270
4	Industrial	8,657	-	-	-	-	-	-	-	-	8,657
5	Private Fire Service	1,673	-	-	-	-	-	-	-	-	1,673
6	Other Water Revenues	84,784	-	-	-	-	-	-	-	-	84,784
7	Total Water Revenues	\$ 2,163,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,163,373
8											
9	Miscellaneous	51,580	-	-	-	-	-	-	-	-	51,580
10	Total Operating Revenues	\$ 2,214,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,214,953
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	10,262	-	-	-	-	-	-	-	-	10,262
16	Pumping Expenses										
17	Purchased Power	192,581	-	-	-	-	-	-	-	-	192,581
18	Purchased Gas	878	-	-	-	-	-	-	-	-	878
19	Other	64,710	-	-	-	-	-	-	-	-	64,710
20	Water Treatment Expenses	33,911	-	-	-	-	-	-	-	-	33,911
21	Transmission and Distribution Expenses	284,516	-	-	-	-	-	-	-	-	284,516
22	Customer Accounting Expenses	267,290	-	-	-	-	-	-	-	-	267,290
23	Sales Expense	890	-	-	-	-	-	-	-	-	890
24	Administrative and General Expenses	378,361	-	-	-	-	-	-	-	-	378,361
25	Total Operation and Maintenance Expense	\$ 1,233,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233,399
26											
27	Depreciation and Amortization Expenses	420,166	-	-	-	-	-	-	-	-	420,166
28											
29	Taxes										
30	Federal Income Taxes	68,182	-	-	-	-	-	-	-	-	68,182
31	State Income Taxes	15,020	-	-	-	-	-	-	-	-	15,020
32	Property Taxes	143,230	-	-	-	-	-	-	-	-	143,230
33	Other	52,532	-	-	-	-	-	-	-	-	52,532
34	Total Taxes	\$ 278,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,964
35											
36	Total Operating Expenses	\$ 1,932,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,932,529
37	Operating Income (Income)	\$ 282,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,424

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	10,262	-	10,262
3	Total Source of Supply Expenses	<u>\$ 10,262</u>	<u>\$ -</u>	<u>\$ 10,262</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 192,581	\$ -	\$ 192,581
2	Purchased Gas	878	-	878
3	Other	64,710	-	64,710
4	Total Pumping Expenses	<u>\$ 258,169</u>	<u>\$ -</u>	<u>\$ 258,169</u>

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT No. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 33,911	\$ -	\$ 33,911
2				
3	Calculation of Water Treatment Expense Adjustment			
4	Acct.	Company	Staff	Staff
5	No. Operations Ledger	Recorded	Adjustment	Recommended
6	640 Water Treatment - Operations & Supervision	\$ 1,293	\$ -	\$ 1,293
7	641 Water Treatment - Operations Chemicals	10,428	-	10,428
8	642 Water Treatment - Operations Labor & Expense	15,303	-	15,303
9				
10	<u>Maintenance Ledger</u>			
11	650 Water Treatment - Maintenance & Supervision	1,293	-	1,293
12	651 Water Treatment - Maint Struct & Improvemt	-	-	-
13	652 Water Treatment - Maintenance & Equipment	4,538	-	4,538
14	Company Adjustment JMR-3, JMR-4 & JMR-7	1,056	-	1,056
15	Total	\$ 33,911	\$ -	\$ 33,911

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 284,516	\$ (1,457)	\$ 283,059
2				
3				
4	<u>Normalization of Five Year Actual Tank Maintanance Expense</u>			
5	Year			Expense
6	Tank Maintenance expense	2005		(440)
7	Tank Maintenance expense	2006		4,453
8	Tank Maintenance expense	2007		86,335
9	Total			\$ 90,348
10				
11	Normalized Five Year Average			\$ 30,116
12	Company Proposed			\$ 31,573
13	Staff Adjustment			\$ (1,457)

References:

Col [A]: Company Schedule C-1 Page 9
Col [B]: All Testimony
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	\$ 378,361	\$ -	\$ 378,361

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 420,166	\$ -	\$ 420,166

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant in Service						
1	301	Organization Cost	\$ 34	\$ 34	0.00%	\$ -
2	302	Franchise Cost	17,594	17,594	0.00%	\$ -
3	303	Other Intangibles	24,383	24,383	0.00%	-
4	310	Water Rights	47,272	47,272	0.00%	-
5	310	Other Source of Supply Land	2,931	2,931	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	1,192,450	1,192,450	3.13%	37,324
8	320	Pumping Plant Land	25,685	25,685	0.00%	-
9	321	Pumping Plant Structures & Improvements	14,241	14,241	2.86%	407
10	325	Electric Pumping Equipment	1,341,002	1,341,002	5.88%	78,851
11	328	Gas Engine Equipment	20,026	20,026	4.00%	801
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	175,584	175,584	2.50%	4,390
14	332	Water Treatment Equipment	669,833	669,833	2.86%	19,157
15	340	Transmission and Distribution - Land	-	-	0.00%	-
16	342	Storage Tanks	290,293	290,293	2.00%	5,806
17	343	Transmission and Distribution Mains	7,510,052	7,510,052	1.79%	134,430
18	344	Fire Sprinkler Taps	109,774	109,774	2.00%	2,195
19	345	Services	2,584,542	2,584,542	2.38%	61,512
20	346	Meters	508,592	508,592	4.55%	23,141
21	348	Hydrants	906,830	906,830	1.82%	16,504
22	389	General Plant Land	-	-	2.50%	-
23	390	General Plant Structures	42,676	42,676	6.67%	2,846
24	390	Leasehold Improvements	121,282	121,282	20.00%	24,256
25	391	Office Furniture & Equipment	334,331	334,331	6.67%	22,310
26	393	Warehouse Equipment	6,941	6,941	5.00%	347
27	394	Tools, Shops, and Garage Equipment	88,181	88,181	4.00%	3,527
28	395	Laboratory Equipment	12,232	12,232	5.00%	612
29	396	Power Operated Equipment	15,093	15,093	6.67%	1,007
30	397	Communications Equipment	132,403	132,403	6.67%	8,831
31	398	Miscellaneous Equipment	9,558	9,558	3.33%	318
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 16,203,815	\$ 16,203,815		\$ 439,424
34		Less: Non- depreciable Account(s)	117,899	117,899		
35		Depreciable Plant (L29-L30)	\$ 16,085,916	\$ 16,085,916		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 704,961			
37		Composite Depreciation/Amortization Rate	2.7317%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 19,258
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 420,166

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 68,182	\$ (461)	\$ 67,721
2	State Income Taxes	15,020	(102)	14,918
3	Federal and State Income Tax Adjustments	\$ 83,202	\$ (562)	\$ 82,639

References:

Col [A]: Company Schedule C-1 Page 9

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 2,214,953	\$ 2,214,953
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	4,429,906	\$ 4,429,906
4	Staff Recommended Revenue, Per Schedule All-1	2,214,953	\$ 2,317,791
5	Subtotal (Line 4 + Line 5)	6,644,859	6,747,697
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,214,953	\$ 2,249,232
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	4,429,906	\$ 4,498,465
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	4,429,906	\$ 4,498,464.87
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	996,729	\$ 1,012,155
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	14.3700%	14.3700%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 143,230	
17	Company Proposed Property Tax	151,656	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (8,426)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 145,447
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 143,230
21	Increase/(Decrease) to Property Tax Expense		\$ 2,217
22	Decrease to Property Tax Expense		\$ 2,217
23	Increase in Revenue Requirement		\$ 102,838
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.1555%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 16,203,815	\$ -		\$ 16,203,815
2	Less: Accumulated Depreciation	3,160,930	-		3,160,930
3	Net Plant in Service	<u>\$ 13,042,885</u>	<u>\$ -</u>		<u>\$ 13,042,885</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 704,961	\$ -		\$ 704,961
5	Less: Accumulated Amortization	145,424	-		145,424
6	Net CIAC	<u>\$ 559,537</u>	<u>\$ -</u>		<u>\$ 559,537</u>
7	Advances in Aid of Construction (AIAC)	7,214,952	-		7,214,952
8	Customer Deposits	69,105	-		69,105
9	Deferred Income Tax Credits	1,009,996	-		1,009,996
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	67,118	-		67,118
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 4,256,413</u>	<u>\$ -</u>		<u>\$ 4,256,413</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7	[I] STAFF FINAL ADJUSTED
PLANT IN SERVICE:											
1	301	Organization Cost	\$ 34								\$ 34
2	302	Franchise Cost	17,594								17,594
3	303	Other Intangibles	24,383								24,383
4	310.1	Water Rights	47,272								47,272
5	310.3	Other Source of Supply Land	2,931								2,931
6	310.4	Wells - Other									
7	314	Wells	1,192,450								1,192,450
8	320	Pumping Plant Land	25,685								25,685
9	321	Pumping Plant Structures & Improvements	14,241								14,241
10	325	Electric Pumping Equipment	1,341,002								1,341,002
11	328	Gas Engine Equipment	20,026								20,026
12	330	Water Treatment Plant - Land									
13	331	Water Treatment Structures and Improvements	175,584								175,584
14	332	Water Treatment Equipment	669,833								669,833
15	340	Transmission and Distribution - Land									
16	342	Storage Tanks	290,293								290,293
17	343	Transmission and Distribution Mains	7,510,052								7,510,052
18	344	Fire Sprinkler Taps	109,774								109,774
19	345	Services	2,584,542								2,584,542
20	346	Meters	508,592								508,592
21	348	Hydrants	906,830								906,830
22	389	General Plant Land									
23	390	General Plant Structures	42,676								42,676
24	390.1	Leasehold Improvements	121,282								121,282
25	391	Office Furniture & Equipment	334,331								334,331
26	393	Warehouse Equipment	6,941								6,941
27	394	Tools, Shops, and Garage Equipment	88,161								88,161
28	395	Laboratory Equipment	12,232								12,232
29	396	Power Operated Equipment	15,093								15,093
30	397	Communications Equipment	132,403								132,403
30	397	Miscellaneous Equipment	9,558								9,558
30	398	Intentionally Left Blank									
0.000		Intentionally Left Blank									
31		Subtotal Plant in Service	\$ 16,203,815	\$	\$	\$	\$	\$	\$	\$	\$ 16,203,815
32											
33	Add:										
34	Other 1	Construction Work in Progress									
35	Other 2	General Office Plant Allocation									
36	Less:										
37	Other 3	Post Test Year Plant									
38	Other 4	General Office Plant Allocation									
39											
40		Total Plant in Service:	\$ 16,203,815	\$	\$	\$	\$	\$	\$	\$	\$ 16,203,815
41	Less:	Accumulated Depreciation	3,160,930								3,160,930
42		Intentionally Left Blank									
43		Net Plant in Service (L59 - L 60)	\$ 13,042,885	\$	\$	\$	\$	\$	\$	\$	\$ 13,042,885
44											
45	LESS:										
46		Contributions in Aid of Construction (CIAC)	\$ 704,961	\$	\$	\$	\$	\$	\$	\$	\$ 704,961
47		Less: Accumulated Amortization	145,424								145,424
48		Net CIAC (L25 - L26)	\$ 559,537	\$	\$	\$	\$	\$	\$	\$	\$ 559,537
49		Advances in Aid of Construction (AIAC)	7,214,952								7,214,952
50		Customer Deposits	69,105								69,105
51		Deferred Income Tax Credits	1,009,996								1,009,996
52											
53	ADD:										
54		Unamortized Finance Charges									
55		Deferred Tax Assets									
56		Working Capital	67,118								67,118
57		Regulatory Asset (Liability)									
58		Original Cost Rate Base	\$ 4,256,413	\$	\$	\$	\$	\$	\$	\$	\$ 4,256,413

References
 Column [A] Schedule B-2

ADJ. #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 1,192,450	\$ (856,324)	\$ 336,126
2					
3					
4		Calculation of Plant Not Used and Useful			
5		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Cost Basis</u>	
6		Well No. 1	55-616686	\$ 16,588	
7		Well No. 11	55-210293	\$ 839,736	
8		Total		<u>\$ 856,324</u>	

References:

Col [A]: Company Schedule B-1
 Col [B]: BKB Testimony
 Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 3,160,930	\$ (46,188)	\$ 3,114,742
2					
3					
4					
5		<u>Accumulated Depreciation Associated With Wells Not Used & Useful</u>			
6		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>Accum. Depr.</u>	
7		Well No. 1	55-616686	\$ 33,045.78	
8		Well No. 11	55-210293	13,141.87	
9		Total		\$ 46,187.65	

References:
 Col [A]: Company Schedule C-1
 Col [B]: BKB Testimony
 Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 3 - CONTRIBUTION IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Contributions in Aid of Construction (CIAC)	\$ 704,961	\$ (839,736)	\$ (134,775)
2		Less: Accumulated Amortization	145,424	-	145,424
3		Net CIAC	<u>\$ 559,537</u>	<u>\$ (839,736)</u>	<u>\$ (280,199)</u>
4					
5					
6		<u>CIAC Associated With Wells Not Used & Useful</u>			
7					
8		<u>AWC Well ID</u>	<u>AWR Well ID</u>	<u>CIAC</u>	
9		Well No. 11	55-210293	839,736	
10		Total		<u>839,736</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Coolidge Water System
Docket No. W-01445A-08-0440
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Final Schedule BKB-6
Coolidge

ORIGINAL COST RATE BASE ADJUSTMENT # 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 69,105</u>	<u>\$ 69,105</u>	<u>\$ 138,210</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Coolidge Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Coolidge

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 67,118</u>	<u>\$ -</u>	<u>\$ 67,118</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 791,031
2	Adjusted Operating Income (Loss)	\$ (39,057)
3	Current Rate of Return (L2 / L1)	-4.94%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 64,074
6	Operating Income Deficiency (L5 - L2)	\$ 103,130
7	Gross Revenue Conversion Factor	1.6683
8	Required Revenue Increase (L7 * L6)	\$ 172,052
9	Adjusted Test Year Revenue	\$ 131,926
10	Proposed Annual Revenue (L8 + L9)	\$ 303,978
11	Required Increase in Revenue (%)	130.42%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule B-1
Column (B): Company Schedule B-1
Column (C): Company Schedules A-1, A-2, & D-1
Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	40.0587%			
5	Subtotal (L3 - L4)	59.9413%			
6	Revenue Conversion Factor (L1 / L5)	1.668298586			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	2.3775%			
22	Effective Property Tax Factor (L21 * L22)	0.014598116			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		40.0587%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 64,074			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ (39,057)			
26	Required Increase in Operating Income (L24 - L25)		\$ 103,130		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 22,576			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (42,255)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 64,831		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 303,978			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 13,500			
36	Property Tax on Test Year Revenue (All-12, L16)	\$ 9,410			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 4,091		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 172,052		
<u>Calculation of Income Tax:</u>					
		Test Year		STAFF Recommended	
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 131,926	\$ 172,052	\$ 303,978	
40	Operating Expenses Excluding Income Taxes	\$ 213,238		\$ 217,329	
41	Synchronized Interest (L47)	\$ 28,161		\$ 28,161	
42	Arizona Taxable Income (L36 - L37- L38)	\$ (109,473)		\$ 58,489	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ (7,628)	\$ 4,076	
45	Federal Taxable Income (L33 - L35)	\$ (101,845)		\$ 54,413	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ (34,627)		\$ 18,501	
51	Total Federal Income Tax		\$ (34,627)	\$ 18,501	\$ 18,501
52	Combined Federal and State Income Tax (L35 + L42)		\$ (42,255)		\$ 22,576
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 791,031			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 28,161			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 130,990	\$ -	\$ 130,990	\$ 172,052	\$ 303,042
3	Miscellaneous	936	-	936	-	936
4	Total Operating Revenues	\$ 131,926	\$ -	\$ 131,926	\$ 172,052	\$ 303,978
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
9	Other	378	-	378	-	378
10	Pumping Expenses					
11	Purchased Power	20,599	-	20,599	-	20,599
12	Purchased Gas	-	-	-	-	-
13	Other	4,831	-	4,831	-	4,831
14	Water Treatment Expenses	62,986	-	62,986	-	62,986
15	Transmission and Distribution Expenses	43,414	-	43,414	-	43,414
16	Customer Accounting Expenses	8,718	-	8,718	-	8,718
17	Sales Expense	43	-	43	-	43
18	Administrative and General Expenses	17,560	-	17,560	-	17,560
19	Total Operation and Maintenance Expense	\$ 158,529	\$ -	\$ 158,529	\$ -	\$ 158,529
20						
21	Depreciation and Amortization Expenses	43,778	-	43,778	-	43,778
22						
23	Taxes					
24	Federal Income Taxes	(34,627)	-	(34,627)	53,128	18,501
25	State Income Taxes	(7,628)	-	(7,628)	11,704	4,076
26	Property Taxes	9,410	-	9,410	4,091	13,500
27	Other	1,522	-	1,522	-	1,522
28	Total Taxes	\$ (31,323)	\$ -	\$ (31,324)	\$ 68,922	\$ 37,598
29	Total Operating Expenses	\$ 170,983	\$ -	\$ 170,983	\$ 68,922	\$ 239,905
30	Operating Income (Loss)	\$ (39,057)	\$ -	\$ (39,057)	\$ 103,130	\$ 64,074

References:

Column [A]: Company Schedule C-1 Pg. 7 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 88,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,841
3	Commercial	22,651	-	-	-	-	-	-	-	-	22,651
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	-	-	-	-	-	-	-	-	-	-
6	Other Water Revenues	19,498	-	-	-	-	-	-	-	-	19,498
7	Total Water Revenues	\$ 130,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,990
8											
9	Miscellaneous	936	-	-	-	-	-	-	-	-	936
10	Total Operating Revenues	\$ 131,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,926
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	378	-	-	-	-	-	-	-	-	378
16	Pumping Expenses										
17	Purchased Power	20,599	-	-	-	-	-	-	-	-	20,599
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	4,831	-	-	-	-	-	-	-	-	4,831
20	Water Treatment Expenses	62,986	-	-	-	-	-	-	-	-	62,986
21	Transmission and Distribution Expenses	43,414	-	-	-	-	-	-	-	-	43,414
22	Customer Accounting Expenses	8,718	-	-	-	-	-	-	-	-	8,718
23	Sales Expense	43	-	-	-	-	-	-	-	-	43
24	Administrative and General Expenses	17,560	-	-	-	-	-	-	-	-	17,560
25	Total Operation and Maintenance Expense	\$ 158,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,529
26											
27	Depreciation and Amortization Expenses	43,778	-	-	-	-	-	-	-	-	43,778
28											
29	Taxes										
30	Federal Income Taxes	(34,627)	-	-	-	-	-	-	-	-	(34,627)
31	State Income Taxes	(7,628)	-	-	-	-	-	-	-	-	(7,628)
32	Property Taxes	9,410	-	-	-	-	-	-	-	-	9,410
33	Other	1,522	-	-	-	-	-	-	-	-	1,522
34	Total Taxes	\$ (31,323)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,324)
35											
36	Total Operating Expenses	\$ 170,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,983
37	Operating Income (Income)	\$ (39,057)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (39,057)

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

Arizona Water Company - Stanfield Water System

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Final Schedule All-5

Stanfield

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Purchased Water	\$ -	\$ -	\$ -
2	Other	378	-	378
3	Total Source of Supply Expenses	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ 378</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Stanfield Water System

Docket No. W-01445A-08-0440

Test Year December 31, 2007

Final Schedule All-6

Stanfield

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 20,599	\$ -	\$ 20,599
2	Purchased Gas	-	-	-
3	Other	4,831	-	4,831
4	Total Pumping Expenses	<u>\$ 25,430</u>	<u>\$ -</u>	<u>\$ 25,430</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 62,986	\$ -	\$ 62,986
2				
3				
4	Calculation of Water Treatment Expense Adjustment			
5	Acct. No. <u>Operations Ledger</u>	Company Recorded	Staff Adjustment	Staff Recommended
6	640 Water Treatment - Operations & Supervision	12	\$ -	\$ 12
7	641 Water Treatment - Operations Chemicals	-	-	-
8	642 Water Treatment - Operations Labor & Expense	688	-	688
9				
10	<u>Maintenance Ledger</u>			
11	650 Water Treatment - Maintenance & Supervision	12	-	12
12	651 Water Treatment - Maint Struct & Improvemt	-	-	-
13	652 Water Treatment - Maintenance & Equipment	650	-	650
14	Company Adjustment JMR-3, JMR-4 & JMR-7	61,624	-	61,624
15	Total	\$ 62,986	\$ -	\$ 62,986

References:

Col [A]: Company Schedule C-1 Page 7
 Col [B]:
 Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 43,414	\$ 18,405	\$ 61,819
2				
3				
4	Normalization of Three Year Actual Tank Maintenance Expense			
5		Year		Expense
6	Tank Maintenance expense	2005		7,785
7	Tank Maintenance expense	2006		277
8	Tank Maintenance expense	2007		73,464
9	Total			\$ 81,526
10				
11	Normalized Three Year Average			\$ 27,175
12	Company Proposed			\$ 8,770
13	Staff Adjustment			\$ 18,405

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Administrative and General Expenses	<u>\$ 17,560</u>	<u>\$ -</u>	<u>\$ 17,560</u>

References:

Col [A]: Company Schedule C-1 Page 7

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 43,778	\$ -	\$ 43,778

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service						
1	301	Organization Cost	\$ 2	\$ 2	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	0.00%	\$ -
3	303	Other Intangibles	1,221	1,221	0.00%	-
4	310	Water Rights	3,035	3,035	0.00%	-
5	310	Other Source of Supply Land	10,593	10,593	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	159,281	159,281	3.13%	4,985
8	320	Pumping Plant Land	200	200	0.00%	-
9	321	Pumping Plant Structures & Improvements	213	213	2.86%	6
10	325	Electric Pumping Equipment	425,473	425,473	5.88%	25,018
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	0.00%	-
13	331	Water Treatment Structures and Improvements	6,778	6,778	2.50%	169
14	332	Water Treatment Equipment	(9,035)	(9,035)	2.86%	(258)
15	340	Transmission and Distribution - Land	-	-	0.00%	-
16	342	Storage Tanks	36,025	36,025	2.00%	721
17	343	Transmission and Distribution Mains	296,400	296,400	1.79%	5,306
18	344	Fire Sprinkler Taps	268	268	2.00%	5
19	345	Services	69,493	69,493	2.38%	1,654
20	346	Meters	22,259	22,259	4.55%	1,013
21	348	Hydrants	9,243	9,243	1.82%	168
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	1,569	1,569	2.50%	39
24	390	Leasehold Improvements	A 3,553	3,553	6.59%	234
25	391	Office Furniture & Equipment	12,012	12,012	6.67%	801
26	393	Warehouse Equipment	16	16	5.00%	1
27	394	Tools, Shops, and Garage Equipment	1,190	1,190	4.00%	48
28	395	Laboratory Equipment	11	11	5.00%	1
29	396	Power Operated Equipment	4	4	6.67%	0
30	397	Communications Equipment	87,747	87,747	6.67%	5,853
31	398	Miscellaneous Equipment	553	553	3.33%	18
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 1,138,104	\$ 1,138,104		\$ 45,782
34		Less: Non- depreciable Account(s)	15,051	15,051		
35		Depreciable Plant (L29-L30)	\$ 1,123,053	\$ 1,123,053		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 49,164			
37		Composite Depreciation/Amortization Rate	4.0765%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 2,004
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 43,778

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ (34,627)	\$ (0)	\$ (34,627)
2	State Income Taxes	(7,628)	(0)	(7,628)
3	Federal and State Income Taxes	\$ (42,255)	\$ (0)	\$ (42,255)

References:

- Col [A]: Company Schedule C-1 Page 7
- Col [B]: All Testimony
- Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 131,926	\$ 131,926
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	263,852	\$ 263,852
4	Staff Recommended Revenue, Per Schedule All-1	131,926	\$ 303,978
5	Subtotal (Line 4 + Line 5)	395,778	567,830
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	131,926	\$ 189,277
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	263,852	\$ 378,553
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	263,852	\$ 378,553.42
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	59,367	\$ 85,175
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 1)	15.8500%	15.8500%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 9,410	
17	Company Proposed Property Tax	14,053	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (4,643)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 13,500
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 9,410
21	Increase/(Decrease) to Property Tax Expense		\$ 4,091
22	Decrease to Property Tax Expense		\$ 4,091
23	Increase in Revenue Requirement		\$ 172,052
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.3775%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	\$ 1,138,104	\$ -		\$ 1,138,104
2	Less: Accumulated Depreciation	243,324	-		243,324
3	Net Plant in Service	<u>\$ 894,780</u>	<u>\$ -</u>		<u>\$ 894,780</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 49,164	\$ -		\$ 49,164
5	Less: Accumulated Amortization	12,246	-		12,246
6	Net CIAC	<u>\$ 36,918</u>	<u>\$ -</u>		<u>\$ 36,918</u>
7	Advances in Aid of Construction (AIAC)	15,715	-		15,715
8	Customer Deposits	2,635	-		2,635
9	Deferred Income Tax Credits	51,746	-		51,746
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	3,265	-		3,265
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 791,031</u>	<u>\$ -</u>		<u>\$ 791,031</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	321	Pumping Plant Structures & Improvements	\$ 213	\$ (2,500)	\$ (2,287)
2					
3					
4					
5		<u>Caulation of Plant Not Used and Useful - Pumping Plant</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Table Top Well #3 / 6,000 gal Pres Tank		\$2,500.00	
9		Total		<u>\$2,500.00</u>	

References:

Col [A]: Company Schedule B-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	332	Water Treatment Equipment	\$ (9,035)	\$ (35,041)	\$ (44,076)
2					
3					
4		<u>Cauculation of Plant Not Used and Useful - Water Treatment Equipment</u>			
5					
6		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
7		Table Top Well #3 / Liquid Chlor. & Bldg		\$35,041.00	
8		Total		\$35,041.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	342	Storage Tanks	\$ 36,025.00	\$ (5,100)	\$ 30,925
2					
3					
4					
5		<u>Cauculation of Plant Not Used and Useful - Storage Tanks</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Table Top Well #3 / 16,000 gal Stor Tank		\$5,100.00	
9		Total		\$5,100.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 243,324	\$ (17,077)	\$ 226,247
2					
3					
4					
5		<u>Accumulated Depreciation Associated With Plant Not Used and Useful</u>			
6					
7		<u>AWC Location / Description</u>		<u>Accum Depreciation</u>	
8		Table Top Well #3 / Liquid Chlor. & Bldg		7,903.50	
9		Table Top Well #3 / 6,000 gal Pres Tank		2,959.63	
10		Table Top Well #3 / 16,000 gal Stor Tank		6,214.10	
11		Total		<u>\$17,077.23</u>	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSIT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Customer Deposits	\$ 2,635	\$ 2,635	\$ 5,270

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Stanfield Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Stanfield

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 3,265</u>	<u>\$ -</u>	<u>\$ 3,265</u>

References:

Col [A]: Company Schedule C-1

Col [B]: BKB Testimony

Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 1,113,530
2	Adjusted Operating Income (Loss)	\$ 45,463
3	Current Rate of Return (L2 / L1)	4.08%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 90,196
6	Operating Income Deficiency (L5 - L2)	\$ 44,733
7	Gross Revenue Conversion Factor	1.6568
8	Required Revenue Increase (L7 * L6)	\$ 74,114
9	Adjusted Test Year Revenue	\$ 470,994
10	Proposed Annual Revenue (L8 + L9)	\$ 545,108
11	Required Increase in Revenue (%)	15.74%
12	Rate of Return on Common Equity (%)	10.00%

References:

- Column (A): Company Schedule RB A-1
- Column (B): Company Schedule B-1
- Column (C): Company Schedules A-1, A-2, & D-1
- Column (D): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (E): Staff Schedules BKB-1, DCP-1, All-2, & All-3
- Column (F): Staff Schedules BKB-1, DCP-1, All-2, & All-3

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<i>Calculation of Gross Revenue Conversion Factor:</i>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.6424%			
5	Subtotal (L3 - L4)	60.3576%			
6	Revenue Conversion Factor (L1 / L5)	1.65679			
<i>Calculation of Uncollectible Factor:</i>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
<i>Calculation of Effective Tax Rate:</i>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<i>Calculation of Effective Property Tax Factor</i>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.6995%			
22	Effective Property Tax Factor (L 21 * L 22)	1.0435%			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.6424%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 90,196			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 45,463			
26	Required Increase in Operating Income (L24 - L25)		\$ 44,733		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 32,130			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 4,009			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 28,121		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 545,108			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 25,273			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 24,014			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 1,260		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 74,114		
<i>Calculation of Income Tax:</i>					
39	Revenue (Schedule All-3, Col.(C), Line 4 & Sch. All-1, Col. [D], Line 10)	\$ 470,994	\$ 74,114	\$ 545,108	
40	Operating Expenses Excluding Income Taxes	\$ 421,522		\$ 422,781	
41	Synchronized Interest (L47)	\$ 39,085		\$ 39,085	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 10,387		\$ 83,241	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 724		\$ 5,800
45	Federal Taxable Income (L33 - L35)	\$ 9,663		\$ 77,441	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 3,286		\$ 26,330	
51	Total Federal Income Tax	\$ 3,286		\$ 26,330	
52	Combined Federal and State Income Tax (L35 + L42)	\$ 4,009		\$ 32,130	
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<i>Calculation of Interest Synchronization:</i>					
54	Rate Base (Schedule BKB-1, Col. [D])	\$ 1,113,530			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.51%			
56	Synchronized Interest (L45 X L46)	\$ 39,085			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	REVENUES:					
2	Metered Revenues	\$ 467,325	\$ -	\$ 467,325	\$ 74,114	\$ 541,439
3	Miscellaneous	3,669	-	3,669	-	3,669
4	Total Operating Revenues	\$ 470,994	\$ -	\$ 470,994	\$ 74,114	\$ 545,108
5						
6	OPERATING EXPENSES:					
7	Source of Supply Expenses					
8	Purchased Water	\$ 159,092	\$ -	\$ 159,092	\$ -	\$ 159,092
9	Other	71	-	71	-	71
10	Pumping Expenses	-	-	-	-	-
11	Purchased Power	3,297	-	3,297	-	3,297
12	Purchased Gas	-	-	-	-	-
13	Other	16,314	-	16,314	-	16,314
14	Water Treatment Expenses	4,904	-	4,904	-	4,904
15	Transmission and Distribution Expenses	74,487	-	74,487	-	74,487
16	Customer Accounting Expenses	29,076	-	29,076	-	29,076
17	Sales Expense	133	-	133	-	133
18	Administrative and General Expenses	55,525	-	55,525	-	55,525
19	Total Operation and Maintenance Expense	\$ 342,899	\$ -	\$ 342,899	\$ -	\$ 342,899
20						
21	Depreciation and Amortization Expenses	50,262	-	50,262	-	50,262
22						
23	Taxes					
24	Federal Income Taxes	3,286	-	3,286	23,044	26,330
25	State Income Taxes	724	-	724	5,076	5,800
26	Property Taxes	24,014	-	24,014	1,260	25,273
27	Other	4,347	-	4,347	-	4,347
28	Total Taxes	\$ 32,370	\$ -	\$ 32,370	\$ 29,380	\$ 61,750
29	Total Operating Expenses	\$ 425,531	\$ -	\$ 425,531	\$ 29,380	\$ 454,912
30	Operating Income (Loss)	\$ 45,463	\$ -	\$ 45,463	\$ 44,733	\$ 90,196

References:
Column [A]: Staff Direct Schedule All-3
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBTUTAL	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL
1	Operating Revenues:										
2	Residential	\$ 360,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,038
3	Commercial	106,351	-	-	-	-	-	-	-	-	106,351
4	Industrial	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	124	-	-	-	-	-	-	-	-	124
6	Other Water Revenues	812	-	-	-	-	-	-	-	-	812
7	Total Water Revenues	\$ 467,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,325
8											
9	Miscellaneous	3,669	-	-	-	-	-	-	-	-	3,669
10	Total Operating Revenues	\$ 470,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,994
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ 159,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	159,092
15	Other	71	-	-	-	-	-	-	-	-	71
16	Pumping Expenses	-	-	-	-	-	-	-	-	-	-
17	Purchased Power	3,297	-	-	-	-	-	-	-	-	3,297
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	16,314	-	-	-	-	-	-	-	-	16,314
20	Water Treatment Expenses	4,904	-	-	-	-	-	-	-	-	4,904
21	Transmission and Distribution Expenses	74,487	-	-	-	-	-	-	-	-	74,487
22	Customer Accounting Expenses	29,076	-	-	-	-	-	-	-	-	29,076
23	Sales Expense	133	-	-	-	-	-	-	-	-	133
24	Administrative and General Expenses	55,525	-	-	-	-	-	-	-	-	55,525
25	Total Operation and Maintenance Expense	\$ 342,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,899
26											
27	Depreciation and Amortization Expenses	50,262	-	-	-	-	-	-	-	-	50,262
28											
29	Taxes										
30	Federal Income Taxes	3,286	-	-	-	-	-	-	-	-	3,286
31	State Income Taxes	724	-	-	-	-	-	-	-	-	724
32	Property Taxes	24,014	-	-	-	-	-	-	-	-	24,014
33	Other	4,347	-	-	-	-	-	-	-	-	4,347
34	Total Taxes	\$ 32,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,370
35											
36	Total Operating Expenses	\$ 425,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,531
37	Operating Income (Income)	\$ 45,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,463

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expenses	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ 159,092	\$ -	\$ 159,092
2	Other	71	-	71
3	Total Source of Supply Expenses	<u>\$ 159,163</u>	<u>\$ -</u>	<u>\$ 159,163</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 3,297	\$ -	\$ 3,297
2	Purchased Gas	-	-	-
3	Other	16,314	-	16,314
4	Total Pumping Expenses	<u>\$ 19,611</u>	<u>\$ -</u>	<u>\$ 19,611</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED	
1	Water Treatment Expenses	\$ 4,901	\$ -	\$ 4,901	
2	Total	\$ 4,901	\$ -	\$ 4,901	
3					
4					
5	Calculation of Water Treatment Expense Adjustment				
6	Acct.	Company	Staff	Staff	
7	No.	Recorded	Adjustment	Recommended	
8	640	Water Treatment - Operations & Supervision	\$ 39	\$ -	\$ 39
9	641	Water Treatment - Operations Chemicals	448	-	448
10	642	Water Treatment - Operations Labor & Expense	2,242	-	2,242
11					
12	<u>Maintenance Ledger</u>				
13	650	Water Treatment - Maintenance & Supervision	39	-	39
14	651	Water Treatment - Maint Struct & Improvemnt	1	-	1
15	652	Water Treatment - Maintenance & Equipment	2,132	-	2,132
16	Total	\$ 4,901	\$ -	\$ 4,901	

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]: All Testimony

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION AND DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 66,320	\$ 8,167	\$ 74,487
2	Total	\$ 66,320	\$ 8,167	\$ 74,487
3				
4				
5	Normalization of Three Year Actual Tank Maintenance Expense			
6		Year		Expense
7	Tank Maintenance expense	2005		60,779
8	Tank Maintenance expense	2006		3,604
9	Tank Maintenance expense	2007		-
10	Total			\$ 64,383
11				
12	Normalized Three Year Average			\$ 21,461
13	Company Proposed			\$ 13,294
14	Staff Adjustment			\$ 8,167

References:

Col [A]: Company Schedule C-1 Page 8
Col [B]: All Testimony, Company General Ledgers
Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative and General Expenses	<u>\$ 55,525</u>	<u>\$ -</u>	<u>\$ 55,525</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION AND AMORTIZATION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENT	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	51154	\$ (892)	\$ 50,262
2	Total	\$ 51,154	\$ (892)	\$ 50,262

CALCULATION OF DEPRECIATION AND AMORTIZATION EXPENSES

ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant In Service					
3	301 Organization Cost	\$ 5	\$ 5	0.00%	\$ -
4	302 Franchise Cost	-	-	0.00%	-
5	303 Other Intangibles	3,697	3,697	0.00%	-
6	310 Water Rights	8,675	8,675	0.00%	-
7	310 Other Source of Supply Land	1	1	0.00%	-
8	310 Wells - Other	-	-	-	-
9	314 Wells	802	802	3.13%	25
10	320 Pumping Plant Land	3,208	3,208	0.00%	-
11	321 Pumping Plant Structures & Improvements	3,015	3,015	2.86%	86
12	325 Electric Pumping Equipment	83,008	83,008	5.88%	4,881
13	328 Gas Engine Equipment	-	-	4.00%	-
14	330 Water Treatment Plant - Land	-	-	0.00%	-
15	331 Water Treatment Structures and Improvements	-	-	2.50%	-
16	332 Water Treatment Equipment	4,290	4,290	2.86%	123
17	340 Transmission and Distribution - Land	6,065	6,065	0.00%	-
18	342 Storage Tanks	160,356	160,356	2.00%	3,207
19	343 Transmission and Distribution Mains	1,319,760	1,319,760	1.79%	23,624
20	344 Fire Sprinkler Taps	18,030	18,030	2.00%	361
21	345 Services	280,887	280,887	2.38%	6,685
22	346 Meters	51,181	51,181	4.55%	2,329
23	348 Hydrants	80,099	80,099	1.82%	1,458
24	389 General Plant Land	-	-	0.00%	-
25	390 General Plant Structures	47,181	47,181	2.50%	1,180
26	390 Leasehold Improvements	10,659	10,659	3.13%	334
27	391 Office Furniture & Equipment	46,071	46,071	6.67%	3,073
28	393 Warehouse Equipment	241	241	5.00%	12
29	394 Tools, Shops, and Garage Equipment	10,587	10,587	4.00%	423
30	395 Laboratory Equipment	34,921	34,921	5.00%	1,746
31	396 Power Operated Equipment	3,246	3,246	6.67%	217
32	397 Communications Equipment	30,385	30,385	6.67%	2,027
33	398 Miscellaneous Equipment	826	826	3.33%	28
34	- Intentionally Left Blank	-	-	-	-
33	Subtotal General	\$ 2,207,198	\$ 2,207,198		\$ 51,816
34	Less: Non- depreciable Account(s)	21,651	21,651		
35	Depreciable Plant (L29-L30)	\$ 2,185,547	\$ 2,185,547		
36	Contributions-in-Aid-of-Construction (CIAC)	\$ 65,554			
37	Composite Depreciation/Amortization Rate	2.3709%			
38	Less: Amortization of CIAC (L32 x L33)				\$ 1,554
39	Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 50,262

OPERATING INCOME ADJUSTMENT NO. 6 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 702	\$ 2,583	\$ 3,286
2	State Income Taxes	155	569	724
3	Federal and State Income Taxes	<u>\$ 857</u>	<u>\$ 3,152</u>	<u>\$ 4,009</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]: All Testimony

Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 470,994	\$ 470,994
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	941,988	\$ 941,988
4	Staff Recommended Revenue, Per Schedule All-1	470,994	\$ 545,108
5	Subtotal (Line 4 + Line 5)	1,412,982	1,487,096
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	470,994	\$ 495,699
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	941,988	\$ 991,397
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	941,988	\$ 991,397.06
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	211,947	\$ 223,064
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 1)	11.3300%	11.3300%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 24,014	
17	Company Proposed Property Tax	26,265	
18	Staff Test Year Adjustment (Line 16-Line 17)	<u>\$ (2,251)</u>	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 25,273
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 24,014
21	Increase/(Decrease) to Property Tax Expense		<u>\$ 1,260</u>
22	Decrease to Property Tax Expense		\$ 1,260
23	Increase in Revenue Requirement		\$ 74,114
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.6995%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF DIRECT AS FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL OCRB
1	Plant in Service	\$ 2,207,198	\$ -		\$ 2,207,198
2	Less: Accumulated Depreciation	812,825	-		812,825
3	Net Plant in Service	<u>\$ 1,394,373</u>	<u>\$ -</u>		<u>\$ 1,394,373</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 65,554	\$ -		\$ 65,554
5	Less: Accumulated Amortization	15,854	-		15,854
6	Net CIAC	<u>\$ 49,700</u>	<u>\$ -</u>		<u>\$ 49,700</u>
7	Advances in Aid of Construction (AIAC)	87,953	-		87,953
8	Customer Deposits	4,600	-		4,600
9	Deferred Income Tax Credits	155,237	-		155,237
<u>ADD:</u>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	16,647	-		16,647
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u>\$ 1,113,530</u>	<u>\$ -</u>		<u>\$ 1,113,530</u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	STAFF DIRECT AS FILED	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	II) STAFF FINAL
				ADJ #1	ADJ #2	ADJ #3	ADJ #4	ADJ #5	ADJ #6			FINAL
1	301	Organization Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	302	Franchise Cost										
3	303	Other Intangibles	3,697									3,697
4	310.1	Water Rights	8,675									8,675
5	310.3	Other Source of Supply Land	1									1
6	310.4	Wells - Other										
7	314	Wells	802									802
8	320	Pumping Plant Land	3,208									3,208
9	321	Pumping Plant Structures & Improvements	3,015									3,015
10	325	Electric Pumping Equipment	83,008									83,008
11	328	Gas Engine Equipment										
12	330	Water Treatment Plant - Land										
13	331	Water Treatment Structures and Improvements										
14	332	Water Treatment Equipment	4,290									4,290
15	340	Transmission and Distribution - Land	6,065									6,065
16	342	Storage Tanks	160,356									160,356
17	343	Transmission and Distribution Mains	1,319,760									1,319,760
18	344	Fire Sprinkler Taps	18,030									18,030
19	345	Services	280,887									280,887
20	346	Meters	51,161									51,161
21	348	Hydrants	80,099									80,099
22	389	General Plant Land										
23	390	General Plant Structures	47,181									47,181
24	390.1	Leasehold Improvements	10,659									10,659
25	391	Office Furniture & Equipment	46,071									46,071
26	393	Warehouse Equipment	241									241
27	394	Tools, Shops, and Garage Equipment	10,587									10,587
28	395	Laboratory Equipment	34,921									34,921
29	396	Power Operated Equipment	3,246									3,246
30	397	Communications Equipment	30,385									30,385
30	398	Miscellaneous Equipment	826									826
0.000		Intentionally Left Blank										
31		Subtotal Plant in Service	\$ 2,207,198	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,207,198
32												
33	Add:											
34	Other 1	Construction Work in Progress										
35	Other 2	General Office Plant Allocation										
36	Less:											
37	Other 3	Post Test Year Plant										
38	Other 4	General Office Plant Allocation										
39												
40		Total Plant in Service:	\$ 2,207,198	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,207,198
41	Less:	Accumulated Depreciation	812,825									812,825
42		Intentionally Left Blank										
43		Net Plant in Service (L59 - L 60)	\$ 1,394,373	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,394,373
44												
45	LESS:											
46		Contributions in Aid of Construction (CIAC)	65,554									65,554
47		Less: Accumulated Amortization	15,854									15,854
48		Net CIAC (L25 - L26)	49,700									49,700
49		Advances in Aid of Construction (AIAC)	87,953									87,953
50		Customer Deposits					4,600					4,600
51		Deferred Income Tax Credits	155,237									155,237
52												
53	ADD:											
54		Unamortized Finance Charges										
55		Deferred Tax Assets										
56		Working Capital	22,208					(5,561)				16,647
57		Regulatory Asset (Liability)										
58		Original Cost Rate Base	\$ 1,123,691	\$	\$	\$	\$ (4,600)	\$ (5,561)	\$	\$	\$	\$ 1,113,530

ADJ #	Description	References:
1	Not Used and Useful Plant	BKG-3
2	Accumulated Depreciation	BKG-4
3	CIAC	BKG-5
4	Customer Deposits	BKG-6
5	Working Capital	BKG-7
6	Regulatory Asset/(Liability)	BKG-8

References
 Column (A) Schedule B-2

Arizona Water Company - Ajo Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
Ajo

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	\$ -	\$ 4,600	\$ 4,600

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - Ajo Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
Ajo

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Working Capital	\$ 22,208	\$ (5,561)	\$ 16,647

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[B] STAFF FINAL ORIGINAL COST
1	Adjusted Rate Base	\$ 4,372,718
2	Adjusted Operating Income (Loss)	\$ 236,586
3	Current Rate of Return (L2 / L1)	5.41%
4	Required Rate of Return	8.10%
5	Required Operating Income (L4 * L1)	\$ 354,190
6	Operating Income Deficiency (L5 - L2)	\$ 117,605
7	Gross Revenue Conversion Factor	1.6490
8	Required Revenue Increase (L7 * L6)	\$ 193,932
9	Adjusted Test Year Revenue	\$ 1,244,736
10	Proposed Annual Revenue (L8 + L9)	\$ 1,438,668
11	Required Increase in Revenue (%)	15.58%
12	Rate of Return on Common Equity (%)	10.00%

References:

Column (A): Company Schedule RB A-1

Column (B): Staff Surebuttal Schedules All-2, All-3, BKB-1 & DCP-1

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	39.3578%			
5	Subtotal (L3 - L4)	60.6422%			
6	Revenue Conversion Factor (L1 / L5)	1.649016633			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.3163088			
17	Combined Federal and State Income Tax Rate (L13 +L16)	38.5989%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18 - L19)	61.4011%			
21	Property Tax Factor (All-12, L24)	1.2360%			
22	Effective Property Tax Factor (L 21 * L 22)	0.007589178			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		39.3578%		
24	Required Operating Income (Schedule All-1, Line 5)	\$ 354,190			
25	Adjusted Test Year Operating Income (Loss) (Schedule All-3, Line 30)	\$ 236,586			
26	Required Increase in Operating Income (L24 - L25)		\$ 117,605		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	\$ 124,797			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ 50,867			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 73,930		
30	Recommended Revenue Requirement (Schedule All-1, Line 10)	\$ 1,438,668			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (All-12, L19)	\$ 48,552			
36	Property Tax on Test Year Revenue (All-12, L 16)	\$ 46,155			
37	Increase in Property Tax Due to Increase in Revenue (All-12, L22)		\$ 2,397		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		\$ 193,932		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule All-3, Col.[C], Line 4 & Sch. All-1, Col. [B], Line 10)	\$ 1,244,736	\$ 193,932	\$ 1,438,668	\$ -
40	Operating Expenses Excluding Income Taxes	\$ 957,283		\$ 959,680	
41	Synchronized Interest (L47)	\$ 155,669		\$ 155,669	
42	Arizona Taxable Income (L36 - L37- L38)	\$ 131,784		\$ 323,319	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		\$ 9,183		\$ 22,529
45	Federal Taxable Income (L33 - L35)	\$ 122,601		\$ 300,790	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%				
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%				
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%				
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%				
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 41,684		\$ 102,269	
51	Total Federal Income Tax		\$ 41,684		\$ 102,269
52	Combined Federal and State Income Tax (L35 + L42)		\$ 50,867		\$ 124,797
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				34.00%
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule BKB-13, Col. [D])	\$ 4,372,718			
55	Weighted Average Cost of Debt (Schedule DCP-1)	3.56%			
56	Synchronized Interest (L45 X L46)	\$ 155,669			

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] STAFF DIRECT TEST YEAR AS FILED	[B] STAFF SURREBUTTAL TEST YEAR ADJUSTMENTS	[C] STAFF SURREBUTTAL TEST YEAR ADJUSTED	[D] STAFF SURREBUTTAL AMENDMENTS	[E] STAFF FINAL
1	<u>REVENUES:</u>					
2	Meered Revenues	\$ 1,232,405	\$ -	\$ 1,232,405	\$ 193,932	\$ 1,426,337
3	Miscellaneous	12,331	-	12,331	-	12,331
4	Total Operating Revenues	\$ 1,244,736	\$ -	\$ 1,244,736	\$ 193,932	1,438,668
5						
6	<u>OPERATING EXPENSES:</u>					
7	Source of Supply Expenses					
8	Purchased Water	\$ -	\$ -	\$ -	\$ -	-
9	Other	5,606	-	5,606	-	5,606
10	Pumping Expenses					
11	Purchased Power	120,831	-	120,831	-	120,831
12	Purchased Gas	-	-	-	-	-
13	Other	41,276	-	41,276	-	41,276
14	Water Treatment Expenses	41,836	-	41,836	-	41,836
15	Transmission and Distribution Expenses	138,072	-	138,072	-	138,072
16	Customer Accounting Expenses	72,619	-	72,619	-	72,619
17	Sales Expense	362	-	362	-	362
18	Administrative and General Expenses	146,701	-	146,701	-	146,701
19	Total Operation and Maintenance Expense	\$ 567,304	-	\$ 567,304	-	\$ 567,304
20						
21	Depreciation and Amortization Expenses	286,857	-	286,857	-	286,857
22						
23	Taxes					
24	Federal Income Taxes	\$ 41,684	\$ -	\$ 41,684	\$ 60,584	102,269
25	State Income Taxes	9,183	-	9,183	13,346	22,529
26	Property Taxes	46,155	-	46,155	2,397	48,552
27	Other	56,967	-	56,967	-	56,967
28	Total Taxes	\$ 153,989	\$ -	\$ 153,989	\$ 76,327	\$ 230,316
29	Total Operating Expenses	\$ 1,008,150	-	\$ 1,008,150	\$ 76,327	\$ 1,084,478
30	Operating Income (Loss)	\$ 236,586	\$ -	\$ 236,586	\$ 117,605	\$ 354,190

References:

Column [A]: Company Schedule C-1 Pg. 3 of 11
Column [B]: Schedule All-4
Column [C]: Column [A] + Column [B]
Column [D]: Schedules All-1 and All-2
Column [E]: Column [C] + Column [D]

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) STAFF SURREBUTTAL TEST YEAR AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) STAFF FINAL TEST YEAR ADJUSTED
1	Operating Revenues:										
2	Residential	\$ 1,057,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057,928
3	Commercial	119,358	-	-	-	-	-	-	-	-	119,358
4	Industrial	18,658	-	-	-	-	-	-	-	-	18,658
5	Private Fire Service	295	-	-	-	-	-	-	-	-	295
6	Other Water Revenues	36,166	-	-	-	-	-	-	-	-	36,166
7	Total Water Revenues	\$ 1,232,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,232,405
8											
9	Miscellaneous	12,331	-	-	-	-	-	-	-	-	12,331
10	Total Operating Revenues	\$ 1,244,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,244,736
11											
12	OPERATING EXPENSES:										
13	Source of Supply Expenses										
14	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Other	5,606	-	-	-	-	-	-	-	-	5,606
16	Pumping Expenses										
17	Purchased Power	120,831	-	-	-	-	-	-	-	-	120,831
18	Purchased Gas	-	-	-	-	-	-	-	-	-	-
19	Other	41,276	-	-	-	-	-	-	-	-	41,276
20	Water Treatment Expenses	41,836	-	-	-	-	-	-	-	-	41,836
21	Transmission and Distribution Expenses	138,072	-	-	-	-	-	-	-	-	138,072
22	Customer Accounting Expenses	72,619	-	-	-	-	-	-	-	-	72,619
23	Sales Expense	362	-	-	-	-	-	-	-	-	362
24	Administrative and General Expenses	146,701	-	-	-	-	-	-	-	-	146,701
25	Total Operation and Maintenance Expense	\$ 567,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,304
26											
27	Depreciation and Amortization Expenses	286,857	-	-	-	-	-	-	-	-	286,857
28											
29	Taxes										
30	Federal Income Taxes	41,684	-	-	-	-	-	-	-	-	41,684
31	State Income Taxes	9,183	-	-	-	-	-	-	-	-	9,183
32	Property Taxes	46,155	-	-	-	-	-	-	-	-	46,155
33	Other	56,967	-	-	-	-	-	-	-	-	56,967
34	Total Taxes	\$ 153,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,989
35											
36	Total Operating Expenses	\$ 1,008,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,150
37	Operating Income (Income)	\$ 236,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,586

ADJ #	DESCRIPTION	REFERENCES
1	Source of Supply	Schedule All-5
2	Pumping Expense	Schedule All-6
3	Water Treatment Expenses	Schedule All-7
4	Transmission & Distribution Expense	Schedule All-8
5	General & Administrative	Schedule All-9
6	Depreciation Expense	Schedule All-10
7	Income Taxes	Schedule All-11
8	Property Taxes	Schedule All-12

OPERATING INCOME ADJUSTMENT NO. 1 - SOURCE OF SUPPLY EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Water	\$ -	\$ (150,244)	\$ (150,244)
2	Other	5,606	-	5,606
3	Total Source of Supply Expenses	\$ 5,606	\$ (150,244)	\$ (144,638)

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]: All Testimony, Company's Response to Staff Data Request 11-8

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PUMPING EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	\$ 120,831	\$ 15,250	\$ 136,082
2	Purchased Gas	-	-	-
3	Other	41,276	-	41,276
4	Total Pumping Expenses	<u>\$ 162,107</u>	<u>\$ 15,250</u>	<u>\$ 177,358</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]: All Testimony, Company response to Staff Data Request 11-8

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 3 - WATER TREATMENT EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Treatment Expenses	\$ 41,836	\$ 6,861	\$ 48,698
2				
3				
4				
5	Calculation of Water Treatment Expense Adjustment			
6	Acct.	Company	Staff	Staff
7	No. Operations Ledger	Recorded	Adjustment	Recommended
8	640 Water Treatment - Operations & Supervision	84	\$ -	\$ 84
9	641 Water Treatment - Operations Chemicals	8,608	-	8,608
10	642 Water Treatment - Operations Labor & Expense	5,628	6,861	12,489
11				
12	<u>Maintenance Ledger</u>			
13	650 Water Treatment - Maintenance & Supervision	84	-	84
14	651 Water Treatment - Maint Struct & Improvemt	1	-	1
15	652 Water Treatment - Maintenance & Equipment	5,233	-	5,233
16	Company Adjustment JMR-3, JMR-4, JMR-7 & JMR-14	15,337	-	15,337
17	Total	\$ 34,975	\$ 6,861	\$ 41,836

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]: All Testimony, Company response to Staff Data Request 11-8

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 4 - TRANSMISSION & DISTRIBUTION EXPENSES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transmission and Distribution Expenses	\$ 138,072	\$ (35,505)	\$ 102,568
2				
3				
4	<u>Normalization of Three Year Actual Tank Maintenance Expense</u>			
5		<u>Year</u>		<u>Expense</u>
6	Tank Maintenance expense	2005		(809)
7	Tank Maintenance expense	2006		3,960
8	Tank Maintenance expense	2007		-
9	Total			\$ 3,151
10				
11	Normalized Three Year Average			\$ 1,050
12	Company Proposed			\$ 36,555
13	Staff Adjustment			\$ (35,505)

OPERATING INCOME ADJUSTMENT NO. 5 - ADMINISTRATIVE & GENERAL EXPENSES

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Administrative and General Expenses	<u>\$ 146,701</u>	<u>\$ -</u>	<u>\$ 146,701</u>

References:

Col [A]: Company Schedule C-1 Page 8

Col [B]:

Col [C]: Col. [A] + Col. [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Depreciation and Amortization Expenses	\$ 286,857	\$ -	\$ 286,857

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
Plant in Service						
1	301	Organization Cost	\$ 15	\$ 15	0.00%	\$ -
2	302	Franchise Cost	-	-	0.00%	-
3	303	Other Intangibles	10,564	10,564	0.00%	-
4	310	Water Rights	21,233	21,233	0.00%	-
5	310	Other Source of Supply Land	28,523	28,523	0.00%	-
6	310	Wells - Other	-	-	-	-
7	314	Wells	563,051	563,051	3.13%	17,623
8	320	Pumping Plant Land	-	-	-	-
9	321	Pumping Plant Structures & Improvements	17,880	17,880	2.86%	511
10	325	Electric Pumping Equipment	828,899	828,899	5.88%	48,739
11	328	Gas Engine Equipment	-	-	4.00%	-
12	330	Water Treatment Plant - Land	-	-	-	-
13	331	Water Treatment Structures and Improvements	34,215	34,215	2.50%	855
14	332	Water Treatment Equipment	1,084,662	1,084,662	2.86%	31,021
15	340	Transmission and Distribution - Land	35,990	35,990	-	-
16	342	Storage Tanks	478,301	478,301	2.00%	9,566
17	343	Transmission and Distribution Mains	7,123,636	7,123,636	1.79%	127,513
18	344	Fire Sprinkler Taps	36,138	36,138	2.00%	723
19	345	Services	1,820,272	1,820,272	2.38%	43,322
20	346	Meters	202,921	202,921	4.55%	9,233
21	348	Hydrants	542,336	542,336	1.82%	9,871
22	389	General Plant Land	-	-	0.00%	-
23	390	General Plant Structures	28,954	28,954	2.50%	724
24	390	Leasehold Improvements	31,189	31,189	6.59%	2,055
25	391	Office Furniture & Equipment	122,156	122,156	6.67%	8,148
26	393	Warehouse Equipment	1,300	1,300	5.00%	65
27	394	Tools, Shops, and Garage Equipment	35,639	35,639	4.00%	1,426
28	395	Laboratory Equipment	4,010	4,010	5.00%	201
29	396	Power Operated Equipment	1,823	1,823	6.67%	122
30	397	Communications Equipment	32,161	32,161	6.67%	2,145
31	398	Miscellaneous Equipment	12,683	12,683	3.33%	422
32	-	Intentionally Left Blank	-	-	-	-
33		Subtotal General	\$ 13,098,551	\$ 13,098,551		\$ 314,286
34		Less: Non-depreciable Account(s)	96,325	96,325		
35		Depreciable Plant (L29-L30)	\$ 13,002,226	\$ 13,002,226		
36		Contributions-in-Aid-of-Construction (CIAC)	\$ 1,134,727			
37		Composite Depreciation/Amortization Rate	2.4172%			
38		Less: Amortization of CIAC (L32 x L33)				\$ 27,428
39		Depreciation Expense - STAFF [Col. (C), L29 - L34]				\$ 286,857

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Federal Income Taxes	\$ 41,684	\$ 0	\$ 41,684
2	State Income Taxes	9,183	(0)	9,183
3	Federal and State Income Taxes	<u>\$ 50,867</u>	<u>\$ 0</u>	<u>\$ 50,867</u>

References:

Col [A]: Company Schedule C-1 Page 8
Col [B]: All Testimony
Col [C]: Schedule All-2

OPERATING INCOME ADJUSTMENT # 7 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,244,736	\$ 1,244,736
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,489,472	\$ 2,489,472
4	Staff Recommended Revenue, Per Schedule All-1	1,244,736	\$ 1,438,668
5	Subtotal (Line 4 + Line 5)	3,734,208	3,928,140
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,244,736	\$ 1,309,380
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,489,472	\$ 2,618,760
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,489,472	\$ 2,618,759.98
13	Assessment Ratio	22.5%	22.5%
14	Assessment Value (Line 12 * Line 13)	560,131	\$ 589,221
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 11)	8.2400%	8.2400%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	\$ 46,155	
17	Company Proposed Property Tax	53,436	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (7,281)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 48,552
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 46,155
21	Increase/(Decrease) to Property Tax Expense		\$ 2,397
22	Decrease to Property Tax Expense		\$ 2,397
23	Increase in Revenue Requirement		\$ 193,932
24	Decrease to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.2360%

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] STAFF SURREBUTTAL FILED	[B] STAFF SURREBUTTAL ADJUSTMENTS	REF	[C] STAFF FINAL ADJUSTED
1	Plant in Service	13,098,551	\$ -		\$ 13,098,551
2	Less: Accumulated Depreciation	1,686,798	-		1,686,798
3	Net Plant in Service	<u>\$ 11,411,753</u>	<u>\$ -</u>		<u>\$ 11,411,753</u>
<i>LESS:</i>					
4	Contributions in Aid of Construction (CIAC)	\$ 1,134,727	\$ -		\$ 1,134,727
5	Less: Accumulated Amortization	175,250	-		175,250
6	Net CIAC	<u>\$ 959,477</u>	<u>\$ -</u>		<u>\$ 959,477</u>
7	Advances in Aid of Construction (AIAC)	5,647,808	-		5,647,808
8	Customer Deposits	9,530	-		9,530
9	Deferred Income Tax Credits	454,211	-		454,211
<i>ADD:</i>					
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	31,991	-		31,991
13	Intentionally Left Blank	-	-		-
17	Original Cost Rate Base	<u><u>\$ 4,372,718</u></u>	<u><u>\$ -</u></u>		<u><u>\$ 4,372,718</u></u>

References:

Column (A), Company Schedule B-1 (RB SUM BKB-2)
Column [B]: Column [C] - Column [A]
Column [C], Staff Adjusted Total Col. (RB SUM BKB-2)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) STAFF SURREBUTTAL FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H)	(I) STAFF FINAL ADJUSTED
1	301	Organization Cost	15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
2	302	Franchise Cost									
3	303	Other Intangibles									
4	310.1	Water Rights	10,564								10,564
5	310.3	Other Source of Supply Land	21,233								21,233
6	310.4	Wells - Other	26,523								26,523
7	314	Wells									
8	320	Pumping Plant Land	563,051								563,051
9	321	Pumping Plant Structures & Improvements									
10	325	Electric Pumping Equipment	17,880								17,880
11	328	Gas Engine Equipment	828,899								828,899
12	330	Water Treatment Plant - Land									
13	331	Water Treatment Structures and Improvements	34,215								34,215
14	332	Water Treatment Equipment	1,084,662								1,084,662
15	340	Transmission and Distribution - Land	35,990								35,990
16	342	Storage Tanks	478,301								478,301
17	345	Transmission and Distribution Mains	7,123,636								7,123,636
18	344	Fire Sprinkler Taps	96,138								96,138
19	345	Services	1,820,272								1,820,272
20	346	Meters	202,921								202,921
21	348	Hydrants	542,336								542,336
22	389	General Plant Land									
23	390	General Plant Structures	28,954								28,954
24	390.1	Leasehold Improvements	31,189								31,189
25	391	Office Furniture & Equipment	122,156								122,156
26	393	Warehouse Equipment	1,300								1,300
27	394	Tools, Shops, and Garage Equipment	35,639								35,639
28	395	Laboratory Equipment	4,010								4,010
29	396	Power Operated Equipment	1,823								1,823
30	397	Communications Equipment	32,161								32,161
30	398	Miscellaneous Equipment	12,683								12,683
30		Intentionally Left Blank									
31		Subtotal Plant in Service	\$ 13,098,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,098,551
32											
33	Add:										
34	Other 1	Construction Work in Progress									
35	Other 2	General Office Plant Allocation									
36	Less:										
37	Other 3	Post Test Year Plant									
38	Other 4	General Office Plant Allocation									
39											
40		Total Plant in Service	\$ 13,098,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,098,551
41		Less: Accumulated Depreciation	1,686,798								1,686,798
42		Intentionally Left Blank									
43		Net Plant in Service (L59 - L 60)	\$ 11,411,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,411,753
44											
45	LESS:										
46		Contributions in Aid of Construction (CIAC)									
47		Less: Accumulated Amortization	1,134,727								1,134,727
48		Net CIAC (L25 - L26)	(175,250)								(175,250)
49		Advances in Aid of Construction (AIAC)	959,477								959,477
50		Customer Deposits	5,647,808								5,647,808
51		Deferred Income Tax Credits	9,530								9,530
52			454,211								454,211
53	ADD:										
54		Unamortized Finance Charges									
55		Deferred Tax Assets									
56		Working Capital	31,991								31,991
57		Regulatory Asset (Liability)									
58		Original Cost Rate Base	\$ 4,372,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,372,718

ADJ #	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
 Column [A] Schedule B-2

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] STAFF SURREBITTAL FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H]	[I] STAFF FINAL ADJUSTED
PLANT IN SERVICE:											
1	301	Organization Cost	\$ 15								\$ 15
2	302	Franchise Cost	-								-
3	303	Other Intangibles	10,564								10,564
4	310.1	Water Rights	21,233								21,233
5	310.3	Other Source of Supply Land	28,523								28,523
6	310.4	Wells - Other	-								-
7	314	Wells	563,051								563,051
8	320	Pumping Plant Land	-								-
9	321	Pumping Plant Structures & Improvements	17,880								17,880
10	325	Electric Pumping Equipment	828,899								828,899
11	328	Gas Engine Equipment	-								-
12	330	Water Treatment Plant - Land	-								-
13	331	Water Treatment Structures and Improvements	34,215								34,215
14	332	Water Treatment Equipment	1,084,662								1,084,662
15	340	Transmission and Distribution - Land	35,990								35,990
16	342	Storage Tanks	478,301								478,301
17	343	Transmission and Distribution Mains	7,123,636								7,123,636
18	344	Fire Sprinkler Taps	36,138								36,138
19	345	Meters	1,820,272								1,820,272
20	348	Hydrants	202,921								202,921
21	348	General Plant Land	542,336								542,336
22	389	General Plant Structures	28,954								28,954
23	390	Leasehold Improvements	31,189								31,189
24	390.1	Office Furniture & Equipment	122,156								122,156
25	391	Warehouse Equipment	1,300								1,300
26	393	Tools, Shops, and Garage Equipment	35,639								35,639
27	394	Laboratory Equipment	4,010								4,010
28	395	Power Operated Equipment	1,823								1,823
29	396	Communications Equipment	32,161								32,161
30	397	Miscellaneous Equipment	12,683								12,683
31	0.000	Intentionally Left Blank	-								-
32		Subtotal Plant in Service	\$ 13,098,551	\$	\$	\$	\$	\$	\$	\$	\$ 13,098,551
33	Add:										
34	Other 1	Construction Work in Progress	-								-
35	Other 2	General Office Plant Allocation	-								-
36	Less:										
37	Other 3	Post Test Year Plant	-								-
38	Other 4	General Office Plant Allocation	-								-
39											
40	Total Plant in Service:		\$ 13,098,551	\$	\$	\$	\$	\$	\$	\$	\$ 13,098,551
41	Less: Accumulated Depreciation		1,686,798								1,686,798
42	Intentionally Left Blank		-								-
43	Net Plant in Service (L59 - L 60)		\$ 11,411,753	\$	\$	\$	\$	\$	\$	\$	\$ 11,411,753
44											
45	LESS:										
46	Contributions in Aid of Construction (CIAC)		\$ 1,134,727	\$	\$	\$	\$	\$	\$	\$	1,134,727
47	Less: Accumulated Amortization		(175,250)								(175,250)
48	Net CIAC (L25 - L28)		\$ 959,477	\$	\$	\$	\$	\$	\$	\$	959,477
49	Advances in Aid of Construction (AIAC)		5,647,808								5,647,808
50	Customer Deposits		9,530								9,530
51	Deferred Income Tax Credits		454,211								454,211
52											
53	ADD:										
54	Unamortized Finance Charges		-								-
55	Deferred Tax Assets		-								-
56	Working Capital		31,991								31,991
57	Regulatory Asset (Liability)		-								-
58	Original Cost Rate Base		\$ 4,372,718	\$	\$	\$	\$	\$	\$	\$	\$ 4,372,718

ADJ.#	Description	References:
1	Not Used and Useful Plant	BKB-3
2	Accumulated Depreciation	BKB-4
3	CIAC	BKB-5
4	Customer Deposits	BKB-6
5	Working Capital	BKB-7
6	Regulatory Asset/(Liability)	BKB-8

References
Column [A] Schedule B-2

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	314	Wells	\$ 563,051	\$ (2,430)	\$ 560,621
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Mar West Well #5 / Fence		\$2,430.00	
9		Total		<u>\$2,430.00</u>	

References:

Col [A]: Company Schedule B-1
 Col [B]: BKB Testimony
 Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	321	Pumping Plant Structures & Improvements	\$ 17,880	\$ (1,752)	\$ 16,128
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Mar West Well #5 / 5,000 gal P Tank		\$1,752.00	
9		Total		\$1,752.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	325	Electric Pumping Equipment	\$ 828,899	\$ (33,352)	\$ 795,547
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Mar West Well #5 / 2 Booster Pumps		\$33,352.00	
9		Total		\$33,352.00	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - NOT USED & USEFUL PLANT

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	331	Water Treatment Structures and Improvements	\$ 34,215	\$ (904)	\$ 33,311
2					
3					
4					
5		<u>Calculation of Plant Not Used and Useful</u>			
6					
7		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
8		Well # 8 / Hypochlorinator Cabinet		746.00	
9		Well # 7 / Hypochlorinator Cabinet		158.00	
10		Total		<u>\$904.00</u>	

References:

- Col [A]: Company Schedule B-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	n/a	Accumulated Depreciation	\$ 1,686,798	\$ (29,248)	\$ 1,657,550
2					
3					
4					
5					
6		Accumulated Depreciation Associated with Plant Not Used and Useful			
7					
8		<u>AWC Location / Description</u>		<u>Cost Basis</u>	
9		Well # 8 / Hypochlorinator Cabinet		129.62	
10		Mar West Well #5 / 2 Booster Pumps		25,949.52	
11		Mar West Well #5 / 5,000 gal P Tank		1,257.32	
12		Mar West Well #5 / Fence		1,757.01	
13		Well # 7 / Hypochlorinator Cabinet		154.31	
14		Total		\$29,247.78	

References:

- Col [A]: Company Schedule C-1
- Col [B]: BKB Testimony
- Col [C]: Col. [A] + Col. [B]

Arizona Water Company - White Tank Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-6
White Tank

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Customer Deposits	<u>\$ 9,530</u>	<u>\$ 9,530</u>	<u>\$ 19,060</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]

Arizona Water Company - White Tank Water System
Docket No. W-01445A-08-0440
Test Year December 31, 2007

Final Schedule BKB-7
White Tank

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL

<u>LINE NO.</u>	<u>ACCT. NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	n/a	Working Capital	<u>\$ 31,991</u>	<u>\$ -</u>	<u>\$ 31,991</u>

References:

Col [A]: Company Schedule C-1
Col [B]: BKB Testimony
Col [C]: Col. [A] + Col. [B]